

Sudden Valley Community Association

Financial Statements and
Supplementary Information with
Independent Auditor's Report

Years Ended December 31, 2014 and 2013

Larson Gross 

Sudden Valley Community Association

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Independent Auditor's Report

To the Board of Directors and Association Members
Sudden Valley Community Association
Bellingham, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Sudden Valley Community Association (the Association) which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of revenues and expenses, changes in members' equity, and cash flows for the years 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 audits. We conducted our audits 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 of 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 Sudden Valley Community Association as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years 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 supplementary information 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 the 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.

Larson Gross PLLC

Bellingham, Washington
August 25, 2015

Sudden Valley Community Association

Balance Sheets

December 31, 2014 and 2013

	Assets	
	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents		
Operating funds	\$ 127,566	\$ 184,557
Building deposits	42,525	69,626
Certificate of deposit	-	11,125
Operating reserve funds	<u>505,227</u>	<u>559,931</u>
Total cash and cash equivalents	675,318	825,239
Cash held in reserve		
Capital	1,721,605	1,751,107
Roads	1,181,804	320,101
Density reduction	134,044	134,440
Mailbox assessment	<u>3,528</u>	<u>3,527</u>
Total cash held in reserve	3,040,981	2,209,175
Receivables, net	102,886	230,410
Inventory	3,048	8,382
Prepaid expenses	<u>92,433</u>	<u>78,648</u>
Total current assets	3,914,666	3,351,854
Property and equipment, net	7,907,695	7,207,032
Parcels and lots held for sale	<u>279,083</u>	<u>272,610</u>
Total assets	<u><u>\$ 12,101,444</u></u>	<u><u>\$ 10,831,496</u></u>
	Liabilities and Members' Equity	
Current liabilities		
Accounts payable	\$ 316,205	\$ 40,005
Refundable deposits	48,383	48,429
Deferred revenue	24,112	38,853
Prepaid dues	56,945	50,670
Current portion of capital lease	<u>32,160</u>	-
Total current liabilities	477,805	177,957
Capital lease, net of current portion	93,703	-
Members' equity		
Donated capital - developers	482,330	482,330
Paid-in capital - members	1,815,600	1,815,600
Paid-in capital - special assessment	690,291	690,291
Equity reserves	4,130,962	3,917,245
Retained earnings	<u>4,410,753</u>	<u>3,748,073</u>
Total members' equity	<u>11,529,936</u>	<u>10,653,539</u>
Total liabilities and members' equity	<u><u>\$ 12,101,444</u></u>	<u><u>\$ 10,831,496</u></u>

Sudden Valley Community Association

Statements of Revenues and Expenses

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Dues and assessments - capital expenditures and reserve funding	\$ 1,934,325	\$ 917,954
Dues and assessments - general	1,595,176	1,481,275
Golf green fees	572,422	621,752
Rental income	269,957	263,376
Fines, penalties, late and lien fees	176,174	106,773
Miscellaneous income	149,333	17,969
Activity fees	15,750	131,267
Gain on disposal of property and equipment	3,548	12,017
Investment income	2,907	1,153
Member service income	2,018	34,838
Member donations	67	46
Maintenance income	-	19
Total revenues	<u>4,721,677</u>	<u>3,588,439</u>
Costs and expenses		
Management fee	1,605,765	1,618,515
Depreciation and amortization	700,705	631,733
Bad debt expense (recoveries)	463,743	(36,414)
Repairs and maintenance	202,711	115,034
Outside services	201,122	220,002
Golf maintenance	200,982	-
Taxes, licenses and insurance	141,991	128,969
Materials and supplies	103,749	200,716
Telephone and utilities	100,661	136,327
Miscellaneous	64,211	76,750
Golf management	50,213	-
Bank and credit card charges	5,739	21,951
Interest expense	3,688	-
Salaries and wages	-	1,146
Reserve expense	-	10,272
Other employee expenses	-	2,542
Payroll taxes and fringe benefits	-	1,425
Total costs and expenses	<u>3,845,280</u>	<u>3,128,968</u>
Excess of revenues over expenses	<u>\$ 876,397</u>	<u>\$ 459,471</u>

Sudden Valley Community Association

Statements of Changes in Members' Equity

Years Ended December 31, 2014 and 2013

	Donated Capital Developers	Paid-In Capital Members	Capital Special Assessment	Equity Reserves	Retained Earnings	Total
Balance - December 31, 2012	\$ 482,330	\$ 1,815,600	\$ 690,291	\$ 4,369,311	\$ 2,836,536	\$ 10,194,068
Excess of revenues over expenses	-	-	-	-	459,471	459,471
Capital Assessments and Board of Director's appropriations for 2013, net						
Road reserves fund	-	-	-	(543,418)	543,418	-
Density reduction fund	-	-	-	(39,198)	39,198	-
Capital reserves fund	-	-	-	130,584	(130,584)	-
Mailbox assessment fund	-	-	-	(34)	34	-
Balance - December 31, 2013	482,330	1,815,600	690,291	3,917,245	3,748,073	10,653,539
Excess of revenues over expenses	-	-	-	-	876,397	876,397
Capital Assessments and Board of Director's appropriations for 2014, net						
Road reserves fund	-	-	-	471,161	(471,161)	-
Density reduction fund	-	-	-	14,213	(14,213)	-
Capital reserves fund	-	-	-	(271,658)	271,658	-
Mailbox assessment fund	-	-	-	1	(1)	-
	-	-	-	213,717	(213,717)	-
Balance - December 31, 2014	<u>\$ 482,330</u>	<u>\$ 1,815,600</u>	<u>\$ 690,291</u>	<u>\$ 4,130,962</u>	<u>\$ 4,410,753</u>	<u>\$ 11,529,936</u>

Sudden Valley Community Association

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Excess of revenues over expenses	\$ 876,397	\$ 459,471
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	700,705	631,733
Loss (gain) on sale of property and equipment	10,414	(12,017)
Gain on sale of lots held for sale	(13,962)	-
(Increase) decrease in assets:		
Receivables, net	127,524	560,727
Inventory	5,334	(4,460)
Prepaid expenses	(13,785)	(31,672)
Increase (decrease) in liabilities:		
Accounts payable	102,477	(41,299)
Accrued expenses	-	(17,435)
Deferred revenue	(14,741)	(737,930)
Prepaid dues	6,275	(155,722)
Net cash provided by operating activities	<u>1,786,638</u>	<u>651,396</u>
Cash flows from investing activities		
(Increase) decrease in cash held in reserve	(831,806)	828,757
Proceeds from sale of property and equipment	1,392	14,715
Proceeds from sale of lots held for sale	7,489	-
Purchase of construction in progress	(526,346)	(234,750)
Purchase of property, roads, and equipment	(569,490)	(1,210,763)
Net cash used by investing activities	<u>(1,918,761)</u>	<u>(602,041)</u>
Cash flows from financing activities		
Principal payments on capital lease	(17,752)	-
Refundable deposits	(46)	27,381
Net cash provided (used) by financing activities	<u>(17,798)</u>	<u>27,381</u>
Net increase (decrease) in cash and cash equivalents	(149,921)	76,736
Cash and cash equivalents - beginning of year	<u>825,239</u>	<u>748,503</u>
Cash and cash equivalents - end of year	<u>\$ 675,318</u>	<u>\$ 825,239</u>

Notes to Financial Statements

December 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies

Business - Sudden Valley Community Association (the Association) was formed to operate and maintain the commonly owned property at Sudden Valley, Washington, to provide security and maintenance services for its members, and to provide other services including operation of the golf course. The Association is made up of 3,187 members and 4,641 total lots. The Association is organized as a nonprofit incorporated entity under the laws of Washington State and for federal tax purposes.

Fund accounting - The Association uses fund accounting whereby financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Funds

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

Emergency operating reserve - This fund comprises a minimum of two (2) months operating expenses for the purpose of defraying the costs of unexpected and/or emergency operating expenditures. These funds are included in operating retained earnings and totaled \$505,227 and \$559,931 at December 31, 2014 and 2013, respectively.

Reserve Funds

Capital reserves fund - This fund is used to account for capital assessments from members and financial resources designated by the Board of Directors for major repairs and replacements and capital improvement. Expenditures from this fund must receive approval by the Board of Directors.

Road reserves fund - This fund is used to account for capital assessments from members for repairs and replacement of the various roads and bridges in the Association. Expenditures from this fund must receive approval by the Board of Directors.

Density reduction fund - This fund is used to account for financial resources designated by the Board of Directors to satisfy the density reduction goals of the Association and the water demand goals of Lake Whatcom Water and Sewer District. Expenditures from this fund must receive approval by the Board of Directors.

Mailbox special assessment fund - This fund is used to account for financial resources designated by the Board of Directors for the costs associated with the installation of cluster mailboxes and renaming of streets. Expenditures from this fund must receive approval by the Board of Directors.

Cash equivalents - The Association considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. Cash held in reserve is excluded from cash and equivalents for purposes of the Statements of Cash Flows.

Concentrations of credit risk - Cash deposits and certificates of deposit exceed the FDIC insured amount by approximately \$3,684,000 as of December 31, 2014.

Lots held for resale - Lots held for resale are stated at lower of cost or fair market value.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies - (Continued)

Property and equipment - The Association recognizes all common property as assets in its balance sheet, including all common personal and real property to which it has title, regardless of whether or not it can dispose of the property for cash while retaining the proceeds, and whether or not it is used to generate significant cash flows from members or nonmembers.

Common area real property consists of roads, water systems, electrical systems, greenbelts, parks, the golf course, and certain structures.

Improvements which increase the useful life of property and replacements of major components of property are capitalized and recorded as assets on the balance sheet. Maintenance, repairs and minor replacements are expensed as incurred. Depreciation is computed using straight-line methods over estimated useful lives of 3 to 40 years.

Member dues and assessments - Association members are subject to quarterly and annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. In 2013, the Association stopped billing members in advance for dues. Deferred revenue related to golf and health club revenue, amounted to \$24,112 and \$38,853 at December 31, 2014 and , respectively. Assessments receivable at the balance sheet date represents prior assessments due from unit owners in addition to the billings for the subsequent period. The Association's bylaws provide for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the member's property and obtaining judgments on other assets of the unit owner. In addition, the Association charges finance charges on assessments that are thirty days past due at a rate of 1% per month. The Association's policy is to write off invoices that are outstanding on the last day of each quarter which are not considered current as bad debts. All receivables on the balance sheet are considered fully collectible by management (See Note 2 - Receivables).

Revenue recognition - The Association recognizes revenue from members' assessments in the applicable assessment time period. Revenue from other sources is recognized when the product or services is provided in accordance with the accrual basis of accounting.

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

Rental activities - Rental activities consist of short term rentals of association property primarily in the form of golf cart rentals and storage facilities.

Income taxes - The Association is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(4). There were no interest and penalties paid during the years ended December 31, 2014 and 2013. As of December 31, 2014, tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

Sales taxes - Taxes collected from customers for amounts assessed by governmental authorities on revenue-producing transactions are recorded on a net basis and are not included in the amounts on the accompanying statements of revenues and expenses.

Sudden Valley Community Association

Notes to Financial Statements

December 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies - (Continued)

Advertising - The Association expenses advertising costs as incurred. Advertising expense totaled \$20,209 and \$5,107 for the years ended December 31, 2014 and 2013, respectively.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management and the Board of Directors 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.

Reclassification - Certain reclassifications have been made to the prior year's financial statements to conform to the current year's financial statement presentation.

Subsequent events - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 25, 2015, the date the financial statements were available to be issued.

Note 2 - Receivables, Net

Receivables consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Members' accounts receivable	\$ 95,408	\$ 156,600
Allowance for doubtful accounts	-	-
Net member accounts receivable	95,408	156,600
Receivables - member (non-dues) and other	7,478	73,810
	<u>\$ 102,886</u>	<u>\$ 230,410</u>

As of December 31, 2014 and 2013, the Association has written off \$996,509 and \$564,773 respectively, of member accounts receivable balances at that date that were considered past due. This includes accounts receivable balances written off from prior years. Management continues to pursue collection of these accounts.

Notes to Financial Statements

December 31, 2014 and 2013

Note 3 - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2014</u>	<u>2013</u>
Roads and bridges	\$ 7,513,526	\$ 7,312,017
Land and improvements	4,353,715	4,328,876
Buildings and improvements	2,963,121	2,753,404
Vehicles, machinery and equipment	2,178,793	2,199,037
Furniture, fixtures and office equipment	324,383	399,684
Construction in progress	<u>934,819</u>	<u>234,750</u>
	18,268,357	17,227,768
Less accumulated depreciation	<u>(10,360,662)</u>	<u>(10,020,736)</u>
	<u>\$ 7,907,695</u>	<u>\$ 7,207,032</u>

Note 4 - Capital Lease Obligations

In April 2014, the Association financed equipment through the issuance of a capital lease agreement. The economic substance of the lease agreement is that the Association is financing the acquisition of equipment through the lease, and accordingly, the lease is recorded in the Association's assets and liabilities. The capitalized equipment cost totaled \$192,920 and accumulated depreciation totaled \$25,722 at December 31, 2014.

The capital lease is payable to Everbank, with monthly payments of \$2,680, including interest at 4.7%, due April 2019, secured by equipment. At December 31, 2014, \$125,863 was outstanding.

Scheduled minimum lease payments for the five years ending December 31 are as follows:

2015	\$ 32,160
2016	32,160
2017	32,160
2018	32,160
2019	<u>10,720</u>
Total minimum lease payments	139,360
Less amount representing interest	<u>(13,497)</u>
Present value of minimum lease payments	125,863
Less current portion	<u>(32,160)</u>
	<u>\$ 93,703</u>

Notes to Financial Statements

December 31, 2014 and 2013

Note 5 - Lots Held For Sale

The Association owns certain undeveloped lots that were obtained in the initial organization of the Association. In addition, a number of lots have been acquired through purchase, foreclosure proceedings, and in lieu of dues owed to the Association.

The investment in lots held for sale as of December 31 is as follows:

	<u>2014</u>	<u>2013</u>
Lots, at cost	\$ 472,967	\$ 466,494
Less allowance for decrease in net realizable value	(193,884)	(193,884)
Total lots, at lower of cost or fair market value	<u>\$ 279,083</u>	<u>\$ 272,610</u>

Note 6 - Future Major Repairs and Replacements

The Association is responsible for preserving and maintaining the common property. The Association accumulates funds for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes.

The Association is partially funding such major repairs and replacements over the estimated useful lives of the components. A study was done to estimate the remaining useful lives and the costs of future major repairs and replacements. Actual expenditures, however, may vary from the estimated amounts and the variations may be material to the financial statements. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to borrow funds or, subject to member approval, to increase regular assessments or levy special assessments. Fund balances are maintained on accrual basis and does not equal cash balances due to timing differences.

The balance of the various equity reserves is shown below:

	<u>Road Reserve Fund</u>	<u>Capital Reserve Fund</u>	<u>Mailbox Assessment Fund</u>	<u>Density Reduction Fund</u>	<u>Total</u>
Balance December 31, 2012	\$ 1,201,355	\$ 2,085,170	\$ 9,811	\$ 1,072,975	\$ 4,369,311
2013 appropriations	422,059	495,895	-	-	917,954
Interest income	432	363	1	240	1,036
2013 bad debt recovery (expense)	27,973	8,476	(35)	-	36,414
Gain on sale of PPE	-	12,017	-	-	12,017
2013 charges	(993,882)	(386,167)	-	(39,438)	(1,419,487)
Balance December 31, 2013	657,937	2,215,754	9,777	1,033,777	3,917,245
2014 appropriations	1,264,638	669,687	-	-	1,934,325
Interest income	285	677	1	251	1,214
2014 bad debt expense	(141,627)	(121,269)	-	-	(262,896)
Gain (Loss) on disposal of PPE	-	(10,414)	-	13,962	3,548
2014 charges	(652,135)	(810,339)	-	-	(1,462,474)
Balance December 31, 2014	<u>\$ 1,129,098</u>	<u>\$ 1,944,096</u>	<u>\$ 9,778</u>	<u>\$ 1,047,990</u>	<u>\$ 4,130,962</u>

Notes to Financial Statements

December 31, 2014 and 2013

Note 7 - Density Reduction

As of December 31, 2014 and 2013, the Association had purchased a total of 437 lots, through purchases with members or through foreclosure sales with Lake Whatcom Water & Sewer District, Whatcom County, and the City of Bellingham also sharing in the cost. Certain of these acquired lots were subject to transferable restrictive covenants, and these covenants have been transferred to other lots. As a result, the Association holds title to an equivalent number of properties, which are subject to a restrictive covenant prohibiting them from being developed. This program furthers the density reduction goals of the Association and the water and sewer demand goals of Lake Whatcom Water & Sewer District. As of December 31, 2014 and 2013, the Association had acquired and owned 812 and 810 lots, respectively. At December 31, 2014 and 2013, 746 and 744 of these lots had been turned into green space and removed from the tax rolls. Lots held as green space are included in land costs as a component of property and equipment. Of the remaining lots 50 are restricted under Water District 10, while 16 are lots available for sale as of December 31, 2014 and 2013, respectively.

Note 8 - Supplemental Cash Flow Information

The following information is a supplement to the statement of cash flows:

	<u>2014</u>	<u>2013</u>
Cash paid for interest	\$ 3,688	\$ -
Noncash investing and financing activities:		
Property received with lot held for sale transaction	<u>\$ 10,000</u>	<u>\$ -</u>
Trade-in of golf carts in exchange for reduction of capital lease obligation	<u>\$ 49,300</u>	<u>\$ -</u>
Purchase of equipment with capital lease obligation	<u>\$ (192,915)</u>	<u>\$ -</u>
Purchase of equipment with accounts payable	<u>\$ (173,723)</u>	<u>\$ -</u>

Supplementary Information

Sudden Valley Community Association

**Supplementary Information on Future
Major Repairs and Replacements**

Year Ended December 31, 2014

(Unaudited)

Capital Reserve Consultants, LLC conducted a study in September 2013, 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 spreadsheet included as unaudited supplementary information takes into account the effects of an estimated 3% inflation between the date of the study and the date that the components will require repair or replacement. Actual expenditures may vary from the estimated amounts and the variations may be material.

The information on pages 14-15 is based on the study and presents significant information about the components of common property. The full study is available from the Association.

Sudden Valley Community Association

Supplementary Information on Future Major Repairs and Replacements

Year Ended December 31, 2014

(Unaudited)

Description	Estimated Remaining Useful Lives	Per Year Expenses														
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Audio-Visual Equipment	Varies	\$ 12,444	\$ -	\$ 4,512	\$ -	\$ -	\$ -	\$ 2,087	\$ 6,334	\$ -	\$ -	\$ 9,803	\$ -	\$ 6,064	\$ -	\$ 7,790
Bridges & Dams	Varies	-	-	-	78,786	-	-	-	-	-	-	-	-	-	-	-
Buildings	Varies	1,171,316	50,923	-	5,628	12,172	-	-	-	504,915	5,376	-	-	-	-	-
Computer and Technology	Varies	107,503	-	1,345	-	37,171	102,641	-	1,559	-	43,091	118,989	4,225	26,746	2,163	49,955
Decks and Balconies	Varies	-	-	-	-	-	-	-	-	-	23,071	-	-	-	-	-
Drainage Improvements	Varies	154,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	Varies	4,079	-	-	-	-	4,728	-	-	-	-	5,482	-	-	-	-
Fences and Gates	Varies	53,560	-	-	-	-	-	-	-	11,091	-	9,189	13,080	-	-	9,934
Fire Safety and Supervision	Varies	159,650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flooring	Varies	26,990	6,448	-	-	-	31,289	4,120	-	1,336	-	36,272	8,666	-	6,973	-
Furnitures and Fixtures	Varies	2,431	2,148	-	16,698	-	-	13,229	2,990	2,642	-	7,108	-	-	16,269	3,677
Hardware	Varies	-	8,376	-	-	-	19,702	-	-	-	-	-	-	-	-	-
Heavy Equipment	Varies	12,455	-	-	-	-	-	-	-	-	-	3,657	-	-	-	-
HVAC	Varies	-	-	13,113	-	-	-	-	-	-	-	-	-	-	-	-
Irrigation	Varies	53,560	-	-	58,526	637,601	-	-	-	-	-	-	-	76,364	-	-
Kitchen Equipment	Varies	21,775	-	-	-	-	-	-	-	4,958	18,921	9,486	-	-	-	-
Lawn Maintenance Equipment	Varies	41,610	-	-	-	56,358	-	-	6,496	-	46,735	-	-	59,326	-	-
Lighting	Varies	11,134	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mailbox	Varies	-	-	-	-	-	-	-	-	-	-	31,159	-	-	-	-
Marina	Varies	2,562	33,786	4,369	-	912	-	-	-	-	192,633	3,443	-	166,861	-	9,784
Office Equipment	Varies	13,964	1,150	-	-	-	-	-	15,413	1,414	-	5,909	-	-	-	18,956
Office Furniture and Equipment	Varies	-	-	1,860	-	-	-	-	-	-	-	-	-	-	-	3,332
Paint and Coatings	Varies	10,815	-	-	-	-	-	-	-	-	30,238	35,298	-	-	-	-
Paving-Cart Paths	Varies	-	-	43,709	-	-	-	-	50,671	-	-	-	-	58,741	-	-
Paving-Parking Areas	Varies	-	-	-	-	-	150,451	-	-	-	-	-	-	-	-	-
Paving-Pool Decks	Varies	72,100	-	-	-	-	-	-	-	19,572	-	-	-	-	-	-
Paving-Walkways and Sidewalks	Varies	8,663	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plumbing	Varies	-	10,609	-	-	-	-	-	-	-	6,488	123,197	1,886	-	25,976	-
Recreational Amenities-Fitness	Varies	115,880	-	-	4,052	-	7,337	130,809	-	38,809	-	8,506	-	156,193	5,445	-
Recreational Amenities-Games	Varies	2,954	-	-	-	-	-	-	-	-	3,970	-	-	2,567	3,035	-
Recreational Amenities-Golf Course	Varies	535,107	51,454	60,545	1,118,790	11,272	63,551	186,517	218,814	154,103	56,908	770,297	33,140	103,947	1,459,242	88,223
Recreational Amenities-Playgrounds	Varies	37,577	-	-	-	-	3,303	1,864	-	-	71,248	43,086	-	-	-	-
Recreational Amenities-Pools	Varies	168,104	11,615	14,651	-	-	15,365	13,465	23,675	-	-	23,203	15,609	-	6,905	-
Recreational Amenities-Tennis Courts	Varies	120,510	-	-	-	-	-	-	-	-	161,955	-	-	-	-	-
Road Maintenance Equipment	Varies	17,847	1,899	-	5,498	-	6,360	15,238	-	-	59,041	615	2,552	-	-	53,935
Roofing and Waterproofing	Varies	1,030	-	4,917	26,956	-	-	-	10,764	-	-	20,244	-	-	1,475	-
Security	Varies	65,788	2,894	40,860	-	35,133	6,856	12,178	-	-	1,649	86,621	3,889	79,611	-	47,216
Signage	Varies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Improvements	Varies	263,680	6,040	-	-	-	-	4,846	-	-	-	-	8,117	-	-	-
Specialty Equipment	Varies	13,679	-	-	-	-	-	-	3,147	-	2,809	-	-	19,644	-	3,870
Store Fixtures	Varies	3,692	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecommunications	Varies	41,485	-	1,238	-	-	-	-	51,022	-	1,523	-	-	-	-	62,750
Tools and Equipment	Varies	6,341	-	-	-	-	1,302	6,074	-	-	3,544	-	-	-	7,471	-
Vehicles	Varies	25,189	26,988	-	-	-	-	2,856	286,055	62,070	64,624	-	3,311	-	-	45,989
Website	Varies	13,596	-	-	-	-	15,761	-	-	-	-	18,271	-	-	-	-
Total By Year		3,373,570	214,330	191,119	1,314,934	790,619	428,646	393,283	676,940	800,910	601,284	1,562,375	94,475	753,497	1,534,486	408,446
Cumulative Total		\$ 3,887,780	\$ 4,102,110	\$ 4,293,229	\$ 5,608,163	\$ 6,398,782	\$ 6,827,428	\$ 7,220,711	\$ 7,897,651	\$ 8,698,561	\$ 9,299,845	\$ 10,862,220	\$ 10,956,695	\$ 11,710,192	\$ 13,244,678	\$ 13,653,124

Sudden Valley Community Association

Supplementary Information on Future Major Repairs and Replacements

Year Ended December 31, 2014

(Unaudited)

Description	Estimated Remaining Useful Lives	Per Year Expenses													
		2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Audio-Visual Equipment	Varies	\$ -	\$ 2,805	\$ -	\$ -	\$ -	\$ 13,175	\$ 9,581	\$ 8,149	\$ -	\$ -	\$ 3,770	\$ -	\$ 11,783	
Bridges & Dams	Varies	-	-	-	-	-	-	-	-	-	-	-	162,175	44,016	
Buildings	Varies	52,955	28,363	-	24,549	-	-	-	10,164	-	-	-	-	-	
Computer and Technology	Varies	137,941	-	2,096	-	57,911	159,911	-	2,429	6,023	102,691	185,381	3,176	2,816	
Decks and Balconies	Varies	-	-	-	-	-	74,412	-	-	-	-	-	-	-	
Drainage Improvements	Varies	-	-	-	-	-	279,044	-	-	-	-	-	-	-	
Emergency Equipment	Varies	6,355	-	-	-	-	7,367	-	-	-	-	8,540	-	-	
Fences and Gates	Varies	-	15,806	-	-	-	-	-	-	-	-	14,315	20,378	-	
Fire Safety and Supervision	Varies	-	-	-	-	-	288,346	-	-	-	-	-	-	-	
Flooring	Varies	42,050	5,537	-	78,908	-	48,747	11,646	-	2,082	-	56,511	7,441	-	
Furnitures and Fixtures	Varies	3,250	-	25,257	-	-	20,009	4,522	3,997	-	10,752	-	24,609	5,561	
Hardware	Varies	-	-	28,090	-	-	-	-	10,807	-	-	-	17,537	-	
Heavy Equipment	Varies	-	-	138,721	-	-	22,495	-	-	-	-	-	-	-	
HVAC	Varies	-	-	76,609	-	117,397	-	-	23,683	-	-	-	-	-	
Irrigation	Varies	83,445	-	-	-	-	-	-	-	-	108,876	-	118,972	-	
Kitchen Equipment	Varies	23,360	-	-	6,663	-	12,248	-	-	-	29,478	580	-	8,955	
Lawn Maintenance Equipment	Varies	-	80,353	-	-	9,262	-	66,632	-	-	84,584	-	-	114,564	
Lighting	Varies	-	-	-	-	15,670	20,110	-	-	-	-	-	-	-	
Mailbox	Varies	-	101,429	50,011	-	-	655,043	-	6,809	-	-	-	-	-	
Marina	Varies	-	-	-	-	-	4,627	-	7,890	-	1,648	-	-	-	
Office Equipment	Varies	1,740	-	-	-	-	2,586	23,313	2,139	-	-	-	-	28,672	
Office Furniture and Equipment	Varies	-	-	-	-	2,733	-	-	3,359	-	-	-	-	-	
Paint and Coatings	Varies	-	-	-	-	40,637	47,438	-	-	-	-	-	-	-	
Paving-Cart Paths	Varies	-	-	68,097	-	-	-	-	78,943	-	-	-	-	91,517	
Paving-Parking Areas	Varies	-	-	-	-	25,331	-	-	-	-	-	-	-	-	
Paving-Pool Decks	Varies	-	-	-	-	-	-	-	-	-	-	-	-	-	
Paving-Walkways and Sidewalks	Varies	42,461	-	-	-	-	-	-	-	-	2,301	18,139	-	-	
Plumbing	Varies	124,365	-	-	29,459	-	-	-	-	-	47,797	-	2,939	-	
Recreational Amenities-Fitness	Varies	9,861	-	-	192,816	-	11,432	-	-	60,463	222,694	13,252	-	8,484	
Recreational Amenities-Games	Varies	-	-	-	-	-	5,335	-	-	-	-	-	-	-	
Recreational Amenities-Golf Course	Varies	173,364	82,713	352,923	43,487	76,480	1,094,886	131,357	232,755	1,855,579	249,264	120,426	111,160	407,574	
Recreational Amenities-Playgrounds	Varies	8,596	-	-	-	-	63,049	2,905	-	-	111,002	-	-	-	
Recreational Amenities-Pools	Varies	140,791	22,041	-	-	6,043	155,846	29,725	63,346	-	9,342	24,319	-	-	
Recreational Amenities-Tennis Courts	Varies	-	-	-	-	-	217,654	-	-	-	-	-	-	-	
Road Maintenance Equipment	Varies	27,805	2,959	-	8,568	-	9,908	23,741	-	-	91,984	958	3,976	-	
Roofing and Waterproofing	Varies	39,604	-	-	45,547	-	6,697	-	-	40,780	245,333	4,313	-	6,864	
Security	Varies	11,292	16,366	-	-	2,216	116,412	5,227	73,798	-	63,454	12,383	21,995	-	
Signage	Varies	4,705	-	1,836	-	-	-	-	-	-	-	-	-	-	
Site Improvements	Varies	-	6,512	-	15,132	-	-	10,908	-	-	6,281	-	8,752	-	
Specialty Equipment	Varies	-	-	-	-	27,935	20,086	4,760	-	-	-	-	29,714	5,854	
Store Fixtures	Varies	5,751	-	-	-	-	-	-	-	-	-	-	-	-	
Telecommunications	Varies	-	1,873	-	-	-	-	77,175	-	2,303	-	-	-	94,916	
Tools and Equipment	Varies	-	-	-	-	-	16,047	-	-	-	-	-	-	11,300	
Vehicles	Varies	399,464	44,258	-	-	-	-	4,448	45,625	459,038	151,888	-	5,158	-	
Website	Varies	21,180	-	-	-	-	24,553	-	-	-	-	28,468	-	-	
Total By Year		1,360,335	411,015	743,640	445,129	381,615	3,397,463	405,940	563,729	2,436,432	1,530,027	472,608	260,315	825,827	686,925
Cumulative Total		\$ 15,013,459	\$ 15,424,474	\$ 16,168,114	\$ 16,613,243	\$ 16,994,858	\$ 20,392,321	\$ 20,798,261	\$ 21,361,990	\$ 23,798,422	\$ 25,328,449	\$ 25,801,057	\$ 26,061,372	\$ 26,887,199	\$ 27,574,124