HMC MANAGEMENT

Independent Auditor's Report
And
Financial Statements

Years Ended September 30, 2019 and 2018

Hearthstone CPA Group
Certified Public Accountants

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Hearthstone CPA Group
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HMC Management

Report on the Financial Statements
We have audited the accompanying financial statements of HMC Management which comprise the balance sheets, as of September 30, 2019 and 2018, and the related statements of revenues, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and the maintenance of internal control relevant to the preparation and fair presentation of the 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 our 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 HMC Management as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on pages 12 and 13 be presented to supplement the basic financial statements. Such information, although not a required 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. Information in the required supplementary information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.

Hearthstone CPA Group

Hearthstone CPA Group
Bremerton, WA
March 30, 2020

HMC MANAGEMENT
BALANCE SHEETS

	September 30, 2019	September 30, 2018
ASSETS		
Cash		
Operating account	$ 198,677	$ 142,651
Water account	46,891	67,206
	245,568	209,857
Investments - designated	697,291	773,900
Assessments receivable (Notes 2, 3 and 4))		
General operating assessments	89,868	109,007
Special loan assessment receivable - Water	1,242,739	1,266,232
Special loan assessment receivable - Dolphins	505,639	513,000
Prepaid expenses	33,873	65,462
Capital assets, net of depreciation (Note 5)	3,648,992	3,785,168
Total assets	$ 6,463,970	$ 6,722,626
LIABILITIES AND MEMBERS' EQUITY		
Accounts payable	$ 33,677	$ 23,477
Accrued liabilities	21,952	7,614
Interest payable	5,590	5,669
Prepaid member assessments	54,094	65,401
Deposits	13,513	11,530
Notes payable - USDA: Water System (Note 7)	1,203,837	1,226,595
Notes payable - USDA: Dolphins (Note 7)	487,877	494,794
Total liabilities	1,820,540	1,835,080
Members' equity		
Undesignated	2,197,761	2,334,414
Board designated		
Investments	697,291	773,900
Special loan assessments receivable	1,748,378	1,779,232
Total members' equity	4,643,430	4,887,546
Total liabilities and members' equity	$ 6,463,970	$ 6,722,626

The accompanying notes are an integral part of these financial statements

HMC MANAGEMENT
STATEMENTS OF REVENUES, EXPENSES AND MEMBERS' EQUITY

	Years Ended September 30,	
	2019	**2018**
REVENUES		
General assessments	750,944	746,858
Special assessment - Dolphin project		
Option 1 - cash		360,943
Option 2 - finance	14,061	513,000
Ferry fees	221,899	200,565
Water	138,290	151,117
Investment income	14,988	11,716
Other income	31,749	41,152
	1,171,931	2,025,351
EXPENSES		
Operating expenses		
Ferry	630,355	521,752
General and administrative	263,500	195,326
Water system	159,448	145,525
Piles, dolphins and ferry ramps	141,127	96,074
Parks	29,158	36,351
Roads	138,191	55,652
	1,361,779	1,050,680
Excess (deficiency) of revenues over expenses from operations	(189,848)	974,671
Non-operating expenses		
Write-off bad debt assessments	(54,268)	(70,918)
Excess (deficiencies) of revenues over expenses	(244,116)	903,753
Beginning members' equity	4,887,546	3,983,793
Ending members' equity	$ 4,643,430	$ 4,887,546

HMC MANAGEMENT
STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2019 AND 2018

	Years Ended September 30, 2019	Years Ended September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	$ (244,116)	$ 903,753
Adjustments to reconcile excess of revenues over expenses to net cash provided (used) by operating activities		
Depreciation	136,176	120,838
Change in operating assets and liabilities		
General assessments receivable	19,139	33,061
Loan special assessment receivable - water	23,493	14,501
Loan special assessment receivable - dolphin	7,361	(513,000)
Prepaid expenses	31,589	(4,843)
Accounts payable	10,200	4,623
Accrued liabilities	14,338	(12,922)
Interest payable	(79)	5,669
Prepaid member assessments	(11,307)	11,876
Deposits	1,983	(358)
Net cash provided (used) by operating activities	(11,223)	563,198
CASH FLOWS FROM INVESTING ACTIVITIES		
Designated investments	76,609	253,202
Dolphin project	-	(787,898)
Truck	-	(17,079)
Office equipment	-	(3,038)
Net cash provided (used) by investing activities	76,609	(554,813)
CASH FLOWS FROM FINANCING ACTIVITIES		
KeyBank Dolphin construction loan - borrowed	-	40,049
USDA note payable - dolphins	(6,917)	
USDA note payable - water system	(22,758)	(22,199)
Net cash provided (used) by financing activities	(29,675)	17,850
Net increase in cash and cash equivalents	35,711	26,235
Cash and cash equivalents at beginning of year	209,857	183,622
Cash and cash equivalents at end of year	$ 245,568	$ 209,857
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for loan origination fees and interest		
USDA water distribution note interest	$ 30,520	$ 31,079
Dolphin project interest	13,559	27,538
	$ 44,079	$ 58,617
Non cash investing and financing activity		
USDA payoff KeyBank Dolphin construction loan	$ -	$ 494,794

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Association and Activities
HMC Management (the Association) was incorporated on May 1, 1958, in the State of Washington, as a not-for-profit corporation. The Association operates and maintains the common property (including roads, parks, and water service) on Herron Island and the associated private ferry service and wharfs.

Basis of Accounting
The Association prepares its financial statements in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Association considers all highly liquid investments whose original maturity is three months or less to be cash equivalents.

Investments
Reserve assets have been invested in the Vanguard Treasury Money Market Fund (the fund) and are not considered a cash equivalent because management intends to hold these for more than one year. The fund invests solely in U.S. Treasury Securities which are backed by the full faith and credit of the U.S. Government. The average maturity typically ranges from 30-60 days and the fund maintains a dollar-weighted average maturity of 60 days, and the fund maintains a dollar-weighted average life of 120 days or less.

Capital Assets and Depreciation
The Association's policy for capitalizing assets in its balance sheet is to recognize (a) certain real and personal property to which it has title. The Association recognizes as capital assets the ferry, docks, equipment, and roads.

The Association owns certain lots that are for common use by the Association and by members and four lots for undetermined future use or sale. Original acquisition costs were not available therefore the Association used lowest assessed values for 2001 through 2005 to fairly value the property. Additionally, HMC Management owns four tracts of land and beach front property for common use, but valuations are unknown.

Capitalized assets, except land, are being depreciated over their estimated useful lives using the straight-line method of depreciation.

Taxes
Homeowners' associations' may be taxed either as homeowners' associations' (Form 1120H) or as a regular corporation (Form 1120) by selecting the tax form that will yield the lowest tax. For the year ended September 30, 2019 the Association filed Form 1120 and for year ended September 30, 2018, the Association elected to file its income tax returns as a homeowners' association (Form 1120-H).

In 2019 the Association was taxed at a rate of 21% and for 2018 the Association's net investment income and other nonexempt income were subject to tax at a 30% rate. For the year ended September 30, 2019, there was net taxable income of $659 resulting in a $138 tax liability. For the year ended September 30, 2018, there was net taxable investment income of $133 resulting in a $40 tax liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes – (CONTINUED)

The Association has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Association has analyzed tax positions taken for filing with the Internal Revenue Service and all states where it operates. The Association believes that income tax filling positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, results of operations or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2019.

The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in any tax periods in progress. The Association believes it is no longer subject to income tax examinations for fiscal years prior to fiscal year end 2015.

Subsequent Events

The Association evaluated its September 30, 2019 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to have negative financial impacts on income. The extent of such potential impact is unknown at this time.

NOTE 2 – GENERAL ASSESSMENTS RECEIVABLE

The Association's policy is to retain legal counsel and place liens on the properties of homeowners' whose assessments are delinquent in accordance with the Association's by-laws and delinquent policies. It is the opinion of the board of directors that the Association will ultimately prevail against the homeowners whose assessments are delinquent unless the property is in foreclosure. In 2019 the Board of Directors determined that $54,268 of assessments were in foreclosure and written off to bad debt expense and in 2018, $70,918 of assessments were in foreclosure and were written off to bad debt expense.

The Association's member assessments receivables were as follows:

	2019	2018
Member assessments - current	$ 89,868	15,763
Member assessments - delinquent	-	93,244
	$ 89,868	$ 109,007

Any excess assessments at year end are retained by the Association for future use. If assessments are not sufficient, the Board of Directors, subject to the limitations of their authority described in the Association's governing documents, may have to increase regular assessments or pass special assessments.

The Association's members are subject to annual assessments for years ended September 30, 2019 and 2018, in the amounts of $1,992 and $1,928 per assessable unit (AU), respectively. Assessments are used for general operating expenses, future capital acquisitions, and major repairs and replacements. The annual base assessment for water for years ended September 30, 2019 and 2018, was $216 for both years. Assessments and accounts receivable at the balance sheet date represent fees and other charges due from owners.

NOTE 3 – SPECIAL ASSSESSMENT RECEIVABLE – WATER SYSTEM CAPITAL PROJECT

During 2012, the Board set up a special assessment to provide necessary funding in order to meet their semi-annual loan obligations on the USDA loan for the water system capital project. The special assessment included two options as follows:

Option 1

Members could pay a one-time cash fee of $4,475 per each assessable unit (AU). A total of 92 members chose this option totaling $411,700.

Option 2

Members could make installment payments of $44.55, payable quarterly, which includes interest 2.5%, over the life of the USDA loan of 40 years. There were 304 members that elected to finance under this option totaling $1,329,650.

The Association's member special assessment receivables were as follows:

	2019	2018
Member special assessments - current	$ 24,221	$ 23,493
Member special assessments - long-term	1,218,518	1,242,739
	$ 1,242,739	$ 1,266,232

NOTE 4 – SPECIAL ASSSESSMENT RECEIVABLE - DOLPHIN CAPITAL PROJECT

During 2018, the Board set up a special assessment to provide necessary funding in order to meet their semi-annual loan obligations on the USDA loan for the Dolphin Project which was completed in May of 2018. The special assessment included two options as follows:

Option 1

Members could pay a one-time cash fee of $2,299 per each assessable unit (AU). A total of 157 members chose this option totaling $360,943.

Option 2

Members could make installment payments of $48.03, payable semi-annually, which includes interest at 2.75%, over the life of the USDA loan of 40 years. There were 221 members that elected to finance under this option totaling $513,000.

The Association's member special assessment receivables were as follows:

	2019	2018
Member special assessments - current	$ 7,367	$ 7,168
Member special assessments - long-term	498,272	505,832
	$ 505,639	$ 513,000

NOTE 5 – CAPITAL ASSETS

Capital assets in the financial statements consist of the following:

	Estimated Useful Lives	Years Ended September 30, 2019	2018
Land		$ 55,600	$ 55,600
Ferry and docks	15-60 years	3,660,614	2,426,821
Water system	40-80 years	1,826,357	1,826,357
Small boat docks	5-40 years	269,944	269,944
Roads	10-20 years	127,948	127,948
Office equipment	3-6 years	43,165	43,165
		5,983,628	4,749,835
Less accumulated depreciation		(2,334,636)	(2,198,460)
		3,648,992	2,551,375
Dolphin project construction completed (2018)		-	1,233,793
		$ 3,648,992	$ 3,785,168

Depreciation expense for the year ended September 30, 2019 and 2018, totaled $136,176 and $120,838, respectively. Depreciation expense has been allocated to the departmental categories reported on the statement of revenues, expenses, and members' equity.

NOTE 6 – DOLPHIN PROJECT

The Association secured a $1,500,000 construction loan on April 12, 2017 from KeyBank National Association. Funds from this loan were used to pay for the dolphin replacement project that commenced during the summer of 2017. Beginning on June 1, 2017, payments of interest only were made for 11 months until the loan was paid in full on April 25, 2018. The interest rate was variable based on the prime rate plus .075%. The initial interest rate was 4.75%, subsequently increasing to 5.5% in April 2018. Construction was completed in the winter of 2018 for a capitalized total cost of $1,233,793. The construction loan was subsequently paid off with proceeds from the Association's special assessment and permanent financing from USDA Natural Resources in the amount of $494,794. See Note 7 Dolphin Project for repayment terms of the USDA note payable.

NOTE 7 - USDA NOTES PAYABLE

Water Distribution System

The Association signed a promissory note on March 22, 2013, with USDA Natural Resources for financing a new water distribution system to comply with state regulations. The note is payable semiannually (beginning September 2013) at 2.5% interest over 40 years. The amount payable semiannually is $26,639 which includes interest and principle. The note as of September 30, 2019 and 2018, was $1,203,837 and $1,226,595, respectively.

The loan is secured by the Association's property which includes land, roads, and improvements. Such property is recorded as community property and does not have an associated value in Pierce County public assessor records. Therefore, this property does not appear on the Association's financial statements.

NOTE 7 - USDA NOTES PAYABLE (continued)

Dolphin Project

The Association signed a promissory note on April 25, 2018, in the amount of $494,794 with USDA Natural Resources for financing of the ferry landing dolphins. The note is payable semiannually (beginning October 2018) at 2.75% interest over 40 years. The amount payable semi-annually is $10,238 which includes interest and principle. The note payable is secured by the Association's ferry named the Charlie Wells.

Future principal maturities of the note's payable are as follows for both USDA loans:

Years Ending September 30,

	Water	Dolphin	Total
2020	$ 23,330	$ 7,110	$ 30,440
2021	23,920	7,300	31,220
2022	24,520	7,510	32,030
2023	25,140	7,710	32,850
2024	25,770	7,920	33,690
Thereafter	$ 1,081,157	$ 450,327	$ 1,531,484
	$ 1,203,837	$ 487,877	$ 1,691,714

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances in one financial institution. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Association may at times exceed the insured amounts however management does not believe it is not exposed to any significant credit risk to cash.

NOTE 9 – FAIR VALUE INSTRUMENTS

The Association adopted ASC 820 (formerly known as FASB Statement No. 157, "Fair Value Measurements") as of 2008. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement.

Fair value is 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. A fair value measurement assumes that the transactions to sell the asset or transfer the liability occur in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. The fair value hierarchy prioritized the inputs to valuation techniques used to measure fair value into three broad levels as follows Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access. Level 2 – inputs are inputs (other than quoted prices included within level 1) that are observable for the assets or liability, either directly or indirectly. Level 3 – are unobservable inputs for the asset or liability and rely on management's own assumption about the assumptions that market participants would use in pricing the asset or liability. Investments are valued using Level 1 – inputs.

NOTE 10 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association contracted with Association Reserves to conduct an "update no-site-visit reserve study" to estimate the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The report dated June 6, 2018, covers the period beginning October 1, 2018 and expiring on September 30, 2019. The Association funds major repairs and replacements over the estimated useful lives of the components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 11 – RETIREMENT PLAN

The Association maintains a qualified 401(k) Profit Sharing Plan and Trust (the Plan) covering all employees who satisfy certain eligibility requirements. The Plan provides for those eligible employees to defer their salaries up to the statutory limits. The Association makes non-elective matching contributions on the first 2% of compensation deposited as elective contributions. In addition to the non-elective matching contributions, the Plan provides for elective discretionary contributions. During the year ended September 30, 2019 and 2018 the Association made matching contributions totaling $11,054 and $22,104, respectively.

NOTE 12 – PRIOR PERIOD RESTATEMENT

Excess of revnues previously reported for the year ended September 30, 2018	$843,663
During the fiscal year end 2019 audit it was determined that accrued expenses were *overstated* at September 30, 2018, in the amount of $24,939. Therefore accrued expenses reported as of September 30, 2018 have been decreased by $24,939.	$ 24,939
During the fiscal year end 2019 audit it was determined that prepaid insurance was *understanded* at September 30, 2018 in the amount of $35,151. Therefore prepaid insurance as of September 30, 2018 has been increased by $35,151	35,151
Excess of revenues restated for the year ended September 30, 2018.	$ 903,753

NOTE 13 – NEW ACCOUNTING STANDARDS AND DEVELOPMENTS

On May 28, 2014, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. The ASU introduces a comprehensive, principles-based framework for recognizing revenue. ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, defers the original effective date of ASU 2014-09 by one year. For nonpublic entities, ASU 2014-09 (as revised) is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early application is allowed for nonpublic entities, but no earlier than annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. The Organization did not adopt this ASU in 2019. The Organization anticipates that the standard will have a material effect on how revenues are recognized.

NOTE 13 – NEW ACCOUNTING STANDARDS AND DEVELOPMENTS (continued)

On January 11, 2016, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which makes targeted improvements in the recognition, measurement, presentation, and disclosure of financial instruments. The ASU affects all entities that hold financial assets or owe financial liabilities. Under ASU 2016-01, financial assets are measured and classified as currently required by GAAP with the exception of investments in equity securities. With certain exceptions, investments in equity securities are measured at fair value with subsequent changes recognized in net income. Likewise, financial liabilities generally follow current GAAP for classification and measurement models. The ASU is effective for nonprofit organizations for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization did not adopt this ASU in 2019. The Organization does not anticipate that the standard will have a material effect on the recognition and measurement of Financial Assets and Financial Liabilities.

On November 17, 2016, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash - It provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows, thereby reducing the diversity in practice. It is effective for fiscal years beginning after December 15, 2018 for nonpublic and other entities; early adoption is permitted. It should be applied on a retrospective basis. The Organization did not adopt this ASU in 2019**.** The Organization does not anticipate that the standard will have a material effect on the Statement of Cash Flows.

HMC MANAGEMENT
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
SEPTEMBER 30, 2019 AND 2018
(Unaudited – Water Reserves)

#	Water	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
	Capacity / Storage			
901	Well Pumps/Motors - Replace	30	24	$ 18,550
904	Well Controls - Replace	30	24	5,150
910	Storage Tank, Concrete - Replace	80	67	219,000
912	Storage Tank, Interior - Clean	10	0	4,120
914	Storage Tank, Exterior - Clean	5	0	3,295
	Boost			
920	Booster Pumps, 5 HP - Replace	20	14	16,450
922	Booster Pump, 15 HP - Replace	40	34	22,650
924	Booster Pumps VFD Control - Replace	20	14	16,450
	Distribution			
940	Distribution Lines, 6"-8" - Replace	70	64	1,070,500
941	Distribution Lines, 2" - Replace	40	34	22,650
945	Service Connect/Lines - Replace	40	34	265,500
946	Service Meters - Replace	10	4	130,500
947	Service Meter Box/Setters - Replace	20	14	130,500
950	Pressure Reducing Valves - Replace	20	14	12,995
954	Blow-Out/Isolation Valves - Replace	30	24	39,150
958	Hydrants - Replace	40	34	162,500
	Buildings / Site			
964	Building Roofs - Replace	40	35	3,395
967	Storage Shed, Vinyl - Replace	20	15	2,785
969	Building Electrical - Replace	30	24	10,830
970	Chain Link Fence - Replace	35	30	17,800
	Systems / Equipment			
980	Generator, Emergency - Replace	50	6	51,500
999	Meter Reader System - Replace	6	0	5,670
	Financial / Professional			
1006	SWSMP- Update	6	5	3,095
				$ 2,235,035

24 Total Funded Components

HMC MANAGEMENT
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
SEPTEMBER 30, 2019 AND 2018
(Unaudited – Management Reserves)

#	Component	Useful Life (yrs)	Useful Life (yrs)	Current Average Cost
	Site/Grounds/Recreation			
200	Asphalt Roads - Repair/Resurface	25	24	$ 50,000
204	Gravel Roads/Lots - Maintain/Repair	5	1	47,700
350	Play Equipment -North Beach- Replace	20	19	6,000
	Play Equipment -Goodpestor- Replace	20	0	6,000
356	Basketball Court - Repair/Replace	30	25	19,650
370	Pavilion - Replace Roof	25	10	8,085
	Small Boat Marina			
302	Small Boat Docks/Floats-Replace	30	13	131,500
306	Small Boat Dock Pilings - Replace	50	43	219,000
320	Small Boat Trestle/Ramp - Replace	30	13	90,050
336	Small Boat Gangway - Replace	30	13	7,930
	Community Building			
410	Community Building Siding-Replace	50	37	23,450
430	Community Building Roof - Replace	40	24	18,500
460	Community Building Septic - Replace	50	14	10,645
	Equipment			
540	Dust/Water Truck - Replace	12	11	17,500
	Ferry System			
700	Ferry Terminals - Inspect/Repair	4	0	19,650
702	Ferry Terminals - Paint	12	9	186,000
704	Ferry Terminal Cables - Replace	5	1	35,000
706	Ferry Terminal Wood Decks - Replace	24	21	183,000
707	Ferry Terminal Structures - Replace	60	33	2,455,000
708	Ferry Ramp Dolphins-Future Replace	50	49	1,234,000
712	Ferry Ramp Generators - Replace	20	9	39,900
740	Ferry Vessel - Shipyard	2	0	110,000
744	Ferry Vessel - Overhaul Engines	5	0	39,950
746	Ferry Vessel - Replace Engines	50	45	172,000
755	Ferry Vessel-Overhaul Transmissions	5	0	14,850
757	Ferry Vessel-Replace Transmissions	25	20	34,400
760	Ferry Vessel - Replace	60	31	1,635,000
	Professional/Special Projects			
940	Legal Contingency Fund	0	0	35,000
				$ 6,849,760