

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED DECEMBER 31, 2020 AND 2019

LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants
San Francisco, California

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
The Comstock Condominium Homeowners' Association
Concord, California

We have reviewed the accompanying financial statements of **The Comstock Condominium Homeowners' Association** (the Association) which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such 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.

Levy Elmer & Company LLP

February 22, 2021

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**BALANCE SHEETS
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>			<u>2019</u>
	<u>Operations</u>	<u>Replacement</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 30,714	\$ 388,155	\$ 418,869	\$ 400,677
Assessments receivable, less allowance for doubtful accounts of \$6,000 and \$5,000, respectively (Note 2)	9,617		9,617	5,368
Prepaid insurance	9,166		9,166	11,780
Prepaid income taxes				369
Other prepaid expenses	1,151		1,151	275
	<u>1,151</u>		<u>1,151</u>	<u>275</u>
Total assets	<u>\$ 50,648</u>	<u>\$ 388,155</u>	<u>\$ 438,803</u>	<u>\$ 418,469</u>
LIABILITIES				
Accounts payable	\$ 40,778	\$ -	\$ 40,778	\$ 12,921
Assessments paid in advance	10,312		10,312	13,045
Deferred cable revenue (Note 6)	5,452		5,452	
Income taxes payable	633	13	646	
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		388,142	388,142	324,254
Future major repairs and replacements (Note 3)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>57,175</u>	<u>388,155</u>	<u>445,330</u>	<u>350,220</u>
COMMITMENTS (NOTE 5)				
	-	-	-	-
FUND BALANCE (DEFICIT)				
	<u>(6,527)</u>	<u>-</u>	<u>(6,527)</u>	<u>68,249</u>
Total liabilities and fund balance	<u>\$ 50,648</u>	<u>\$ 388,155</u>	<u>\$ 438,803</u>	<u>\$ 418,469</u>

See independent accountant's review report and accompanying notes.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019
	Operations Fund	Replacement Fund	Total Funds	Total Funds
REVENUES				
Assessments (Notes 2 and 4)	\$ 295,142	\$ 140,201	\$ 435,343	\$ 683,691
Bad debt recovery (expense)	(1,000)		(1,000)	4,000
Interest income (Note 2)	8	120	128	4,627
Comcast easement income	1,508		1,508	
Laundry income	28,733		28,733	28,242
Member parking income	6,600		6,600	6,101
Insurance claim settlements				5,000
Late charges and other income	5,681	410	6,091	6,623
Total revenues	336,672	140,731	477,403	738,284
EXPENSES				
<u>Administration</u>				
Income tax provision (Note 2)	1,514	31	1,545	861
Insurance	32,270		32,270	30,208
Legal and accounting	3,713		3,713	2,646
Management	24,372		24,372	23,964
Monthly accounting and billing	8,820		8,820	8,820
Office, printing and postage	5,642		5,642	4,338
Reserve study		630	630	630
	76,331	661	76,992	71,467
<u>Maintenance and operations</u>				
Ceiling repairs	4,315	-	4,315	6,815
Fire alarm and safety systems	5,028		5,028	3,169
Insurance claim repairs	41,012		41,012	
Janitorial services	14,264		14,264	12,586
Landscape maintenance	45,682		45,682	45,139
Pest control	6,570		6,570	7,450
Plumbing maintenance	20,950		20,950	
Pool and spa maintenance	10,899		10,899	9,241
Security services	3,606		3,606	17,728
Other maintenance and operations	22,286		22,286	19,860
	174,612	-	174,612	121,988

See independent accountant's review report and accompanying notes.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Utilities</u>				
Garbage collection	\$ 62,860	\$ -	\$ 62,860	\$ 56,502
Gas and electricity	39,182		39,182	35,590
Water and sewer	59,344		59,344	48,542
	161,386	-	161,386	140,634
<u>Major repairs and replacements</u>				
Painting and waterproofing	-	-	-	11,150
Paving and concrete		3,400	3,400	
Pool and spa				5,284
Roofs		91,499	91,499	345,286
Sheds and storage		765	765	3,940
Termite damage repairs		5,304	5,304	4,504
Water heaters		23,095	23,095	1,109
Wood surfaces and railing		15,995	15,995	30,330
Other major repairs and replacements		12	12	
	-	140,070	140,070	401,603
Total expenses	412,329	140,731	553,060	735,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(75,657)	-	(75,657)	2,592
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	881	-	881	(801)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 4)	68,249	-	68,249	66,458
FUND BALANCE (DEFICIT), END OF YEAR (NOTE 4)	\$ (6,527)	\$ -	\$ (6,527)	\$ 68,249

See independent accountant's review report and accompanying notes.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>		<u>2019</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ (75,657)	\$ -	\$ (75,657)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:			
Bad debt (recovery) expense	1,000	-	1,000
Decrease (increase) in assets:			
Assessments receivable	(5,249)		(5,249)
Prepaid insurance	2,614		2,614
Prepaid income taxes		369	369
Other prepaid expenses	(876)		(876)
Increase (decrease) in liabilities:			
Accounts payable	28,983	(1,126)	27,857
Assessments paid in advance	(2,733)		(2,733)
Deferred cable revenue	5,452		5,452
Income taxes payable	633	13	646
Contract liabilities - replacement reserve assessments paid in advance		63,888	63,888
Total adjustments	29,824	63,144	92,968
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(45,833)	63,144	17,311
INVESTING ACTIVITIES			
Net (purchase) sale of certificates of deposit	-	-	375,000
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	-	375,000

See independent accountant's review report and accompanying notes.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>		<u>2019</u>	
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (45,833)	\$ 63,144	\$ 17,311	\$ 179,310
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	881	-	881	(801)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>75,666</u>	<u>325,011</u>	<u>400,677</u>	<u>222,168</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 30,714</u>	<u>\$ 388,155</u>	<u>\$ 418,869</u>	<u>\$ 400,677</u>
<u>Supplemental Disclosures</u>				
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ 881</u>	<u>\$ (351)</u>	<u>\$ 530</u>	<u>\$ 2,190</u>

See independent accountant's review report and accompanying notes.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

1. THE ASSOCIATION

The Comstock Condominium Homeowners' Association (the Association) is a common interest development located in Concord, California which consists of 116 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in February 1982 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The estimate of allowance for doubtful accounts, if any, is based, generally on amounts past due greater than 90 to 120 days.

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

See independent accountant's review report.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2020 totaled approximately \$180,000.

Contract liabilities - replacement reserve assessments paid in advance. The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability - replacement reserve assessments paid in advance is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

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

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the 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 two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountant's review report.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at a flat 21% rate on net nonmember income; in the latter case it is taxed at a flat 30% rate on net nonexempt function income (which is generally similar to net nonmember income). California income tax approximates 9% of net nonmember income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds. With the implementation of FASB ASC 606 new accounting guidance, reported replacement reserve interest income may be less than earned.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

See independent accountant's review report.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected major component cost increases (aka inflation) and interest earning rate(s) on replacement fund cash balances.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed pro forma operating budget and related assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent accountant's review report.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

4. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) has issued new guidance that created Accounting Standards Codification (ASC) Topic 606. This new guidance supercedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRAs), Revenue Recognition, and now requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services (i.e. the accumulation of unspent replacement reserve cash and investments from assessment payments over time which are eventually to be used for common area major repairs and replacements).

The Association has adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenues and contract liabilities - replacement reserve assessments paid in advance.

<u>2019 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 285,224	\$ 199,000	\$ 484,224
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	801	801
Adjust <u>revenues to equal expenses</u>	-	198,666	198,666
Total effects of new guidance	-	199,467	199,467
Assessment revenues <u>per financial statements</u>	\$ 285,224	\$ 398,467	\$ 683,691
<u>2020 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 295,142	\$ 204,970	\$ 500,112
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	(881)	(881)
Adjust <u>revenues to equal expenses</u>	-	(63,888)	(63,888)
Total effects of new guidance	-	(64,769)	(64,769)
Assessment revenues <u>per financial statements</u>	\$ 295,142	\$ 140,201	\$ 435,343

See independent accountant's review report.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

4. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (CONTINUED)

The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance. The modified retrospective method of transition also requires disclosure of the effect of applying the new guidance on each item included in the 2019 financial statements. The adoption of the new revenue recognition guidance resulted in the following changes to the 2019 financial statements:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects Of Applying New Guidance</u>	<u>As Reported</u>
<u>Balance Sheet</u>			
Contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ 324,254	\$ 324,254
Total liabilities	\$ 25,966	\$ 324,254	\$ 350,220
Ending fund balances	\$ 392,503	\$ (324,254)	\$ 68,249
 <u>Statement Of Revenues, Expenses And Changes In Fund Balances</u>			
<u>Revenues</u>			
Assessments	\$ 484,224	\$ 199,467	\$ 683,691
Interest income (Note 2)	4,627	-	4,627
Other revenues	49,966	-	49,966
Total revenues	<u>538,817</u>	<u>199,467</u>	<u>738,284</u>
 <u>Expenses</u>			
Operating expenses	332,598	-	332,598
Replacement reserve expenses	403,094	-	403,094
Total expenses	<u>735,692</u>	<u>-</u>	<u>735,692</u>
Excess (deficiency) of revenues over expenses	(196,875)	199,467	2,592
Interfund reclassifications and transfers	-	(801)	(801)
Beginning fund balances	589,378	(522,920)	66,458
Ending fund balances	<u>\$ 392,503</u>	<u>\$ (324,254)</u>	<u>\$ 68,249</u>
 <u>Statement Of Cash Flows</u>			
Excess (deficiency) of revenues over expenses	\$ (196,875)	\$ 199,467	\$ 2,592
Change in contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ (198,666)	\$ (198,666)

See independent accountant's review report.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

5. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

6. DEFERRED CABLE REVENUE

In December 2019 the Association entered into an agreement with Comcast Of California IX, Inc. to provide broadband communication services to the project for a period of five years. In return, Comcast has paid the Association \$6,960 which will be recognized as income over the term of the agreement.

7. COVID-19

In December 2019 a novel strain of coronavirus surfaced and has spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization in January 2020. The effect of this virus on the financial position and/or results of operations of the Association is unknown at this time.

8. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 22, 2021, the date that the financial statements were available to be issued.

See independent accountant's review report.

THE COMSTOCK CONDOMINIUM HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2020
(UNAUDITED)**

The following information on common area major components was compiled by Barrera & Company, Inc of San Diego, California **as of November 2020** and has served as the basis for the current estimates of replacement reserve funding:

	UL	RUL	Current Replacement Cost	Accumulated Reserve Balance	Annual Fully Funded Requirement	Fully Funded Reserve Balance
Asphalt & Concrete Surfaces	4-35	0-23	\$233,877	\$10,049	\$12,159	\$101,286
Doors	30-30	24-27	\$168,940	\$3,278	\$5,631	\$33,040
Fencing & Gates	20-40	1-25	\$298,515	\$14,174	\$8,579	\$142,855
Landscaping	10-20	3-8	\$51,398	\$3,312	\$3,841	\$33,382
Lighting	20-25	14-21	\$67,361	\$1,416	\$2,944	\$14,267
Miscellaneous	15-20	1-14	\$19,929	\$1,310	\$1,076	\$13,202
Painting	5-12	0-5	\$193,829	\$18,595	\$22,564	\$187,419
Plumbing & Water Heaters	3-40	2-30	\$972,251	\$76,610	\$33,660	\$772,136
Pool Area (Even)	4-40	2-31	\$66,404	\$1,962	\$2,499	\$19,779
Pool Area (Odd)	4-40	1-27	\$83,909	\$3,219	\$3,453	\$32,442
Roofing	20-40	3-19	\$1,121,697	\$35,540	\$45,323	\$358,202
Sump Pumps	12-20	0-0	\$33,949	\$3,368	\$2,369	\$33,949
Wood Surfaces & Railing	10-40	0-22	\$274,580	\$19,656	\$14,654	\$198,107
		Totals	\$3,586,639	\$192,491	\$158,753	\$1,940,066

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **after-tax interest rate** of **1/2%** on replacement fund cash balances and an annual **inflation rate** of **3%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2020 totaled **\$388,155**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$1,940,000**. The portion of **2021** regular **assessments** budgeted to be allocated to the replacement fund totals **\$211,119**.

See independent accountant's review report and accompanying notes.