



Kentfield Commons



Kentfield Commons Homeowners Association Newsletter

September 2024

Clovers—Note from the Landscape Committee
Many homeowners have observed that there is quite a lot of clover extant in our development – in lawns and in the park.

In 2015, a policy was adopted that the park and common areas be pesticide free in response of concerns about safety of children after the application of herbicides (i.e. Roundup). This policy was reaffirmed by the board in 2023.

The result of not consistently and actively treating the turf in the park since 2015 is that clover has been left unchecked. The clover in the park is the primary source of clover sprouting up in the front lawns. If left unmanaged the clover will take over the entire lawn area in the park. Instead of green grass, the park will become a clover field.

Currently, the most effective and economic way to manage the clover in the park may be the judicious use of herbicides that can kill the clover but not the grass.

The post-emergent herbicides recommended by Gachina are: SpeedZone and Turflon. These both require 3 applications (spaced 3-4 weeks apart) on an annual basis optimally in the spring. The annual treatment is deemed necessary as clover roots run deep and plants can emerge from the roots.

Following the recommendation of Gachina would require the board make an exception and use pesticides in the park and other common areas.

The Board would like to hear the community's input before performing treatment.

Please email kathleen@amspcam.com your input!

Architectural Changes

Before performing any work on your home or yard that is visible from the front lot, all homeowners must contact management to obtain the appropriate approvals. All applications and procedures can be found on the Association website, www.KentfieldCommonsOfficial.com. Failure to obtain the necessary approvals can result in additional expenses, project delays, and other impacts. We encourage all owners to reach out to management before making any exterior modifications.

Trip Hazards

Trip hazards have been spotted throughout the association. Any elevated area more than half an inch in height is considered a trip hazard. Please ensure you maintain your sidewalks to avoid any incidents.

Trash Bins

All trash bins must be removed from the street after trash day. Please ensure that bins are taken in promptly after service. Keeping cans off the street helps maintain the neat appearance of our community.

Sidewalk Painting

Painting or drawing with materials that are difficult to remove from our sidewalks (not including basic chalk) costs the association approximately \$400 per occurrence to clean. Please help us maintain the community's beautiful aesthetic and keep maintenance costs low.

Pool

Please remember to clean up after yourselves and your guests. The warm summer weather increases foot traffic, making it easier for the bathrooms and areas around the pool to get messy. Please do your part to keep maintenance costs low and ensure that all neighbors can enjoy our beautiful amenities.



Kentfield Commons



Kentfield Commons Homeowners Association Newsletter

September 2024

The Board is excited to announce the new HOA website. The Association website is a great tool for Homeowners wanting to make changes to their property to find important rules and application processes as well as other pertinent HOA information. The goal of the Association and Board is to promote Kentfield Commons HOA as a desirable, beautiful, and valuable community in line with the CC&R's and community guidelines.

Please visit at
www.KentfieldCommonsOfficial.com

Election Timeline

Election is scheduled for September 23 at 6:00 PM via Zoom & at the Red Morton Center.

Irrigation Updates

The summer watering schedule is as follows:
Sunday, Monday, Wednesday, & Friday
1st Round: Start time approximately at 1 AM
2nd Round: Start time approximately at 3 AM

Neighborhood Watch

The board of directors is looking to compile a list of volunteers to connect community members with each other to establish a neighborhood watch group. Please reach out to emmanuel@amspcam.com if you are interested.

Architectural Committee

The board of directors is seeking volunteers to be part of the architectural committee. Please contact Kathleen@amspcam.com to learn more about the role and the expectations.

For transparency, please find the most recent draft meeting minutes & annual review documents attached.

Neighbors,

All board meetings will take place at the Red Morton Community Center in Redwood City. Please find the address and future meeting dates below. We look forward to seeing everyone back in person!

Location

Red Morton Community Center
1120 Roosevelt Ave, Redwood City, CA 94061
Meeting room will be listed on the directory onsite

Time

7:00 P.M.

Meeting Dates

Thursday, September 12, 2024
Thursday, November 14, 2024

Annual Election

Monday, September 23, 2024 at 6:00 PM
Via Zoom & Red Morton Community Center
1120 Roosevelt Ave, Redwood City, CA 94061
Meeting room will be listed on the directory onsite

Board of Directors

Stephen Kirby, President
Roberta Landers, Treasurer
Christa Enns, Secretary

American Management Services, Inc.

Kathleen Waite, CCAM
Emmanuel Cacho, Assistant Manager
(408)225-7380
Kathleen@amspcam.com
Emmanuel@amspcam.com

Community website: www.KentfieldCommonsOfficial.com

Minutes
Kentfield Commons Homeowners Association
Board of Directors Meeting
Monday, August 19, 2024

I. MEETING VENUE:

PLACE: Red Morton Community Center 1120 Roosevelt Ave, Redwood City, CA 94061
DATE: Monday, August 19, 2024
TIME: 7:00 PM

Board Members Present: Stephen Kirby
Roberta Landers
Christa Enns
Management Representative: Kathleen Waite, CCAM & Emmanuel Cacho
American Management Services, Inc.

Open Forum for Members

During an open forum, each attendee may address the board for up to three minutes. A director or manager may briefly respond to statements made or questions posed. Speakers must observe rules of decorum and not engage in other disruptive behavior. If a speaker is in the middle of a sentence when time is called, he/she may finish their thought before sitting down. The time guidelines ensure that others will have an opportunity to speak. Speakers may not allot their time to others. All in attendance must follow the Meeting Rules listed at the bottom of this agenda.

I. MEETING CALLED TO ORDER:

PERSON: Management

A. REGULAR BUSINESS

- a. **Minutes Approval** – Motion to approve **(M/S/P)** Board of Directors Board of Directors Meeting Minutes for May 23, 2024.
- b. **Management Report** – Work Order Report- Reviewed

B. Treasurer's Report – Motion to approve **(M/S/P)** the Treasurer's Report, Income Statement, Balance Sheet, and Bank Reconciliations for the months ending on May 31, 2024, and June 30, 2024, pending the production of the annual review by the Association's auditor at fiscal yearend.

C. Accounts Receivable Review - Collection Correspondence - Motion to approve sending all owners in the 90-day columns of the Accounts Receivable Report as of June 30, 2024, to collections in accordance with the timelines of the collection policy, for actions including but not limited to the recording a lien against their property account. None to report.

D. NEW BUSINESS

- a. Gregory Lane Common Area Fence Repair Proposal Review- Motion to approve **(M/S/P)**, proposal submitted by Meza's Fence for \$4,680 to be expensed from the Reserve Fund.
- b. Janitorial Contract Review- Board reviewed additional bids, all bids were 50% or more than current expense so no vote to change was made.
- c. Pool House Roof Cleaning Proposal Review- Board approved proposal submitted by Four Seasons Roofing to clean the pool house and guard shack roofs for an expense of \$1,056 to be expensed from the Operating Fund, pending confirmation that debris was present from pool committee.

E. Committee Reports

- a. Landscape
 - i. Irrigation Update
 - ii. Playground Mulch Proposal- Tabled pending larger project
 - iii. Ongoing Irrigation Repairs- Review of pending irrigation repair quotes.
 - iv. Clover and Lawn Treatments- Notice to owners for feedback to be included in the next newsletter.
 - v. Privet Group Removal Sign Ups- Review of sign up list, minimum of 5 owners has been met and exceeded.

- vi. Fall Tree Walk Scheduling- Scheduled for September 9th
- b. Social Committee
- c. Architectural
- d. Pool- Update provided by Rodger Whitney. Overall usage is up with no major issues. Furniture to be reviewed for replacement after this season.

F. OTHER BUSINESS

- a. Election Update- Reviewed election timeline
 - b. Vendor Correspondence- Discussed
 - c. Homeowner Correspondence- Reviewed
 - d. Newsletter Topics- Reviewed
 - e. HOA Official Website- www.KentfieldCommonsOfficial.com
 - f. Site Map
- G. Board and Member Q&A. Each member will have up to five minutes to address the Board. A director or manager may respond to statements or questions posed. Any member wishing for more time may take a second turn (up to five additional minutes) after all other members have had an opportunity.**

ADJOURNMENT: Motion to Adjourn at 8:23PM.

EXECUTIVE SESSION – This may be required for legal review and third-party contract discussion.

Next Scheduled Opening Meeting: The next regularly scheduled Board of Directors Meeting is **September 12, 2024, at Red Morton Community Center**



Tuesday, September 3, 2024

Members of
Kentfield Commons Homeowners Association

RE: Kentfield Commons Homeowners Association
Transmittal of Annual Review for the year ended June 30, 2024

Dear Homeowner:

In accordance with the provisions of California Civil Code §5300(b) (3) the Board of Directors has caused a review of the financial statement of the Association to be prepared. The review was prepared utilizing generally accepted accounting principals by a licensee of the California State Board of Accountancy for the fiscal year ended June 30, 2024.

Based on the review, the accountant is not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Homeowners who have any questions regarding the attached documents may contact management at any time or address their questions to the Treasurer at a regularly scheduled Board of Directors Meeting.

Sincerely,

Kathleen Waite, CCAM
American Management Services, Inc.
As Agent for Kentfield Homeowners Association

Enclosure as stated

KENTFIELD COMMONS HOMEOWNERS ASSOCIATION

INDEPENDENT ACCOUNTANT'S REVIEW REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

Kentfield Commons Homeowners Association

Contents Year Ended June 30, 2023

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members of
Kentfield Commons Homeowners Association
Redwood City, California

We have reviewed the accompanying financial statements of **Kentfield Commons Homeowners Association** (the Association) which comprise the balance sheet as of June 30, 2023 and the related statement of revenues, expenses and changes in fund balances, and the statement of cash flows, for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association Management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require 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 review, 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.

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 on page(s) 12 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.



LARA
Accountancy
Group, Inc.

303 Twin Dolphin Dr, Suite 600
Redwood City, CA 94065
TEL (650) 801-3834
FAX (650) 529-7006
marco@lara-cpa.com

Kentfield Commons Homeowners Association
Redwood City, California

Summarized Comparative Information

We previously reviewed **Kentfield Commons Homeowners Association's** 2022 financial statements and in our conclusion dated August 17, 2022, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

Lara Accountancy Group, Inc.

Redwood City, CA
August 10, 2023

Kentfield Commons Homeowners Association

Balance Sheets
as of June 30, 2023

		2023			2022
Note	Operations Fund	Replacement Fund	Total Funds	Total Funds	
				<i>(for comparative purposes only)</i>	
Assets					
Cash and cash equivalents	2.4	\$ 133,314	\$ 413,984	\$ 547,298	\$ 548,682
Prepaid insurance		1,664	-	1,664	1,642
Member receivables	2.6	1,413	-	1,413	1,575
Prepaid income taxes	2.10	300	-	300	975
Total Assets		\$ 136,691	\$ 413,984	\$ 550,675	\$ 552,874
Liabilities					
Contract liabilities (deferred revenue)	2.12	\$ -	\$ 383,019	\$ 383,019	\$ 423,522
Accounts payable		16,158	30,965	47,123	24,456
Assessments received in advance		19,174	-	19,174	16,884
Accrued liabilities		50	-	50	44
Total Liabilities		35,382	413,984	449,366	464,906
Fund Balance		101,309	-	101,309	87,968
Total Liabilities and Fund Balance		\$ 136,691	\$ 413,984	\$ 550,675	\$ 552,874

See independent accountant's review report and accompanying notes.

Kentfield Commons Homeowners Association

Statements of Revenues, Expenses and Changes in Fund Balances for the Year Ended June 30, 2023

	Note	2023			2022
		Operations Fund	Replacement Fund	Total Funds	Total Funds
<i>(for comparative purposes only)</i>					
Revenues					
Member assessments	2.8	\$ 339,600	\$ 153,903	\$ 493,503	\$ 471,819
Late charges and other income		1,266	-	1,266	3,334
Interest income	2.9	59	204	263	307
Total Revenues		340,925	154,107	495,032	475,460
Expenses					
<u>Administration</u>					
Management		39,600	-	39,600	38,052
Insurance		6,658	-	6,658	6,552
Legal, accounting and consulting		4,875	-	4,875	9,145
Office, printing and postage		3,408	-	3,408	8,501
Reserve study		670	-	670	2,125
Total administration		55,211	-	55,211	64,375
<u>Common Area Maintenance</u>					
Landscape maintenance		160,204	-	160,204	123,920
Pool and spa maintenance and repair		19,687	-	19,687	16,830
Fence maintenance and repair		13,368	-	13,368	9,719
Other maintenance and repairs		8,936	-	8,936	7,553
Custodial services		6,199	-	6,199	4,283
Lighting and electrical		205	-	205	1,919
Total Common Area Maintenance		208,599	-	208,599	164,224
<u>Utilities</u>					
Gas and electricity		36,068	-	36,068	39,678
Water, sewer and garbage		21,904	-	21,904	37,805
Telephone		5,802	-	5,802	4,273
Total Utilities		63,774	-	63,774	81,756

See independent accountant's review report and accompanying notes.

Kentfield Commons Homeowners Association

Statements of Revenues, Expenses and Changes in Fund Balances for the Year Ended June 30, 2023

	2023			2022
<u>Note</u>	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
				<i>(for comparative purposes only)</i>
<u>Major Repairs and Replacements</u>				
Landscaping	-	144,866	144,866	140,517
Concrete surfaces	-	7,500	7,500	1,990
Other major repairs and replacements	-	991	991	16,466
Fences and gates	-	750	750	9,281
Pool	-	-	-	6,606
Water heaters	-	-	-	1,893
	-	154,107	154,107	176,753
Total Major Repairs and Replacements				
	-	154,107	154,107	176,753
Total Expenses	327,584	154,107	481,691	487,108
Excess (Deficiency) of Revenues Over Expenses	13,341	-	13,341	(11,648)
Fund Balance, Beginning of Year	87,968	-	87,968	99,616
Fund Balance, End of Year	\$ 101,309	\$ -	\$ 101,309	\$ 87,968

See independent accountant's review report and accompanying notes.

Kentfield Commons Homeowners Association

Statements of Cash Flows for the Year Ended June 30, 2023

	2023			2022
	Operations Fund	Replacement Fund	Total Funds	Total Funds
				<i>(for comparative purposes only)</i>
<u>Operating Activities</u>				
Excess (Deficiency) of Revenues Over Expenses	\$ 13,341	\$ -	\$ 13,341	\$ (11,648)
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided by Operating Activities:				
Decrease (Increase) in Assets:				
Member receivables	162	-	162	(1)
Prepaid insurance	(22)	-	(22)	(17)
Prepaid income taxes	675	-	675	-
Increase (Decrease) in Liabilities				
Accrued liabilities	6	-	6	(856)
Accounts payable	7,237	15,430	22,667	(1,192)
Assessments received in advance	2,290	-	2,290	932
Contract liabilities (deferred revenue)	-	(40,503)	(40,503)	(69,555)
Total Adjustments	<u>10,348</u>	<u>(25,073)</u>	<u>(14,725)</u>	<u>(70,689)</u>
Net Cash Provided by (Used for) Operating Activities	<u>23,689</u>	<u>(25,073)</u>	<u>(1,384)</u>	<u>(82,337)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>23,689</u>	<u>(25,073)</u>	<u>(1,384)</u>	<u>(82,337)</u>
Cash and Cash Equivalents, Beginning of Year	<u>109,625</u>	<u>439,057</u>	<u>548,682</u>	<u>631,019</u>
Cash and Cash Equivalents, End of Year	<u>\$ 133,314</u>	<u>\$ 413,984</u>	<u>\$ 547,298</u>	<u>\$ 548,682</u>
<u>Supplemental Disclosures</u>				
Income Taxes Paid	2.10 \$ (675)	\$ -	\$ (675)	\$ -

See independent accountant's review report and accompanying notes.

Kentfield Commons Homeowners Association

Notes to Financial Statements
for the Year Ended June 30, 2023

1. Nature of Organization

Kentfield Commons Homeowners Association (the Association) is a common interest development located in Redwood City, California which consists of 151 residential dwellings and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation on October 10, 1984 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

2.1 Method of Accounting. 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.

2.2 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.

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

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

2.3 Comparative Information The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

See independent accountant's review report.

Kentfield Commons Homeowners Association

Notes to Financial Statements
for the Year Ended June 30, 2023

2.4 Cash and Cash Equivalents. For purposes of the balance sheet and the statement of cash flows, the Association considers cash on hand, demand deposits with financial institutions, money market accounts and all short-term investments with original maturities of three months or less to be included in cash and cash equivalents.

2.5 Use of 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.

2.6 Member Receivables at the balance sheet date represent aggregate amounts due from unit owners which may include regular assessments, late fees, fines, reimbursement assessments and other charges. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more 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.

It is the opinion of the Board of Directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for delinquent accounts is deemed necessary.

2.7 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.

2.8 Member Assessments. Association members are subject to annual assessments, payable in equal monthly installments, 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 is 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. In addition to regular annual assessments, special and/or emergency assessments may be imposed by the Association's Board of Directors under certain circumstances without member approval. Any excess assessments at year end are retained by the Association for use in the succeeding year.

See independent accountant's review report.

Kentfield Commons Homeowners Association

Notes to Financial Statements
for the Year Ended June 30, 2023

Member assessments (continued)

Monthly assessments for the years ended June 30, 2023 and 2022 were as follows:

		Monthly		
		Operations	Replacement	
		Fund	Fund	Total
Member assessments	2023	\$ 187.42	\$ 62.58	\$ 250.00
Member assessments	2022	\$ 162.98	\$ 59.02	\$ 222.00

2.9 Interest Earned on operating and replacement funds, net of related income taxes, is retained in said respective funds.

2.10 Income Taxes. The Association elects annually to be taxed as either a regular corporation under Internal Revenue Code (IRC) § 277 or as a homeowners association under IRC § 528 in its tax filing with the Internal Revenue Service (IRS). Form 1120 is used when filing as a regular corporation and Form 1120-H is used when filing as a homeowners association.

For the year ended June 30, 2023 the Association elected to file Form 1120 and be taxed as a regular corporation. By doing so, the Association is taxed at a flat 21% rate on net nonmembership income (generally investment interest income), less directly related expenses.

The Association is taxed by the California Franchise Tax Board (FTB) at a rate of 8.84% on its net nonmembership income.

The Association has qualified as a tax-exempt entity with the FTB under California Revenue and Taxation Code § 23701. To maintain tax-exempt status with FTB the Association must, among other things, file an annual informational return known as Form 199.

The Association's income tax returns are subject to examination by various taxing authorities. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

2.11 Fair Value of Financial Instruments. The carrying amounts of financial instruments, including cash and cash equivalents, member receivables, and accounts payable, if any, approximate their fair value due to the short term maturities of these instruments.

See independent accountant's review report.

Kentfield Commons Homeowners Association

Notes to Financial Statements
for the Year Ended June 30, 2023

2.12 Contract Liabilities (Deferred Revenue). The Association's policies related to assessment revenues, contract liabilities and the replacement fund adhere to guidance issued by the Financial Accounting Standards Board (FASB), Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Accordingly, the Association recognizes replacement fund revenue from members as the related performance obligations are satisfied (i.e. matching replacement fund revenues with replacement fund expenses, on an annual basis). Performance obligations in contracts with customers (members) are typically satisfied as services are rendered or upon completion of the service. A contract liability (deferred revenue) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

The balances of contract liabilities (deferred revenue) as of June 30, 2023 and 2022 are \$383,019 and \$423,522, respectively. The effect of the change in contract liabilities on replacement fund revenues is illustrated below:

<u>Revenue Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenue, per budget	\$ 339,600	\$ 113,400	\$ 453,000
Adjustment to assessments to match expenses	\$ -	\$ 40,503	\$ 40,503
Assessment revenue, per financial statements	\$ 339,600	\$ 153,903	\$ 493,503

3. Concentrations of Credit Risk

The Association maintains its deposits with what management believes to be high credit quality financial institutions and attempts to limit the amount of credit exposure to any one particular institution. The balances in those accounts may occasionally exceed the current Federal Deposit Insurance Corporation (FDIC) insurance protection of up to \$250,000 per depositor per institution. Amounts held with broker-dealers are not usually insured by the FDIC, but rather they are privately insured by the Securities Investor Protection Corporation (SIPC).

4. Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$383,019, and are presented on the accompanying balance sheet as a contract liability (deferred revenue) at June 30, 2023, are required to be held in separate accounts and are generally not available for operating purposes.

In May 2023 a component study update, with no site-visit was completed by Association Reserves to

See independent accountant's review report.

Kentfield Commons Homeowners Association

Notes to Financial Statements
for the Year Ended June 30, 2023

Future major repairs and replacements (continued)

estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. Funding requirements consider an annual component cost inflation rate of 4.00% and an interest rate of 1.50%, net of taxes, earned on cash and investments on amounts funded for future major repairs and replacements. The table on page(s) 12 on future major repairs and replacements is based on the aforementioned study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the Board has approved an annual contribution of \$120,600 in the 2024 operating budget. Additional information regarding the Association's funding model may be found in the annually-prepared pro forma operating budget and/or the assessment and reserve funding disclosure summary.

Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacement of common property components. 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 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 the constraints in its governing documents and California civil code, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

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. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 10, 2023, the date that the financial statements were available to be issued.

See independent accountant's review report.

Kentfield Commons Homeowners Association

Supplementary Information on Future
Major Repairs and Replacements
June 30, 2023
(Compiled Without Audit or Review)

In May 2023 a component study update, with no site-visit was completed by Association Reserves to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. Funding requirements consider an annual component cost inflation rate of 4.00% and an interest rate of 1.50%, net of taxes, earned on cash and investments on amounts funded for future major repairs and replacements.

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

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Concrete & Asphalt	0-7	\$ 552,200
Street Lights	17-22	\$ 188,300
Park Furniture & Play Equipment	0-1	\$ 140,380
Fences, Gates, Walls & Entry System	5-18	\$ 140,170
Irrigation & Landscaping	0-39	\$ 193,520
Street Light Painting, Guardhouse & Signs	2-21	\$ 34,885
Pool Bench, Fence, Pavilion & Fob System	2-23	\$ 77,205
Pool Water Heater & Bathroom Refurbish	5-7	\$ 28,895
Pool Fence & Wood Surface Repaint	1	\$ 8,665
Pool Deck & Surface	2-9	\$ 215,490
Pool Filters, Heater & Pumps	1-4	\$ 30,405
Pool Furniture - Repair/Replace	0	\$ 35,350
Pool Deck Coping - Replace	2	\$ 6,640
Pool Area Roof, Gutters & Downspouts	2-4	\$ 9,615
	<i>TOTAL</i>	<u>\$ 1,661,720</u>
Estimated cash reserves necessary to repair, replace, restore, or maintain the major components (*) as of June 30, 2023		<u>\$ 1,158,000</u>
Replacement fund cash and investments at June 30, 2023		<u>\$ 413,984</u>
Contract liabilities balance at June 30, 2023		<u>\$ 383,019</u>
2024 Budgeted reserve contributions		<u>\$ 120,600</u>

*Figure obtained from the Association's most recent component study update, with no site-visit prepared by Association Reserves. Detailed information can be found in that report, dated May 2023.

See independent accountant's review report.