

**HERITAGE HILLS SOCIETY, LTD.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended December 31, 2018 and 2017**

**HERITAGE HILLS SOCIETY, LTD.**

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**Bogush & Grady**  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Members of  
Heritage Hills Society, LTD.

We have audited the accompanying financial statements of Heritage Hills Society, LTD., which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of revenues and expenses, changes in homeowners' equity and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heritage Hills Society, LTD. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on common property on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**BOGUSH & GRADY CPAs LLP**

Rhinebeck, New York

April 23, 2019

**HERITAGE HILLS SOCIETY, LTD.**  
**BALANCE SHEETS**  
**December 31, 2018 and 2017**

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ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash - operating	\$ 37,333	\$ 162,874
Cash - insurance claim	-	143,307
Cash - reserve	579,130	671,127
Assessments receivable, less allowance for uncollectible assessments of \$54,337 and \$136,000, respectively	17,813	77,469
Insurance proceeds receivable	114,077	-
Prepaid expenses	<u>21,124</u>	<u>41,382</u>
Total current assets	769,477	1,096,159
Property and equipment, net of accumulated depreciation	7,131,504	6,199,875
Other assets:		
Deposits	<u>-</u>	<u>3,182</u>
Total assets	<u>\$ 7,900,981</u>	<u>\$ 7,299,216</u>

LIABILITIES AND HOMEOWNERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses	\$ 95,117	\$ 140,465
Insurance proceeds payable	-	143,307
Current maturities of long-term debt	53,424	150,256
Prepaid common charges	<u>44,416</u>	<u>86,530</u>
Total current liabilities	192,957	520,558
Long-term debt, net of current portion	<u>696,576</u>	<u>64,591</u>
Total liabilities	<u>889,533</u>	<u>585,149</u>
Homeowners' equity:		
Reserve	579,130	671,127
Operating	<u>6,432,318</u>	<u>6,042,940</u>
	<u>7,011,448</u>	<u>6,714,067</u>
Total liabilities and homeowners' equity	<u>\$ 7,900,981</u>	<u>\$ 7,299,216</u>

See auditor's report. See notes to financial statements.

**HERITAGE HILLS SOCIETY, LTD.**  
**STATEMENTS OF REVENUES AND EXPENSES**  
**for the years ended December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
Revenues:		
Society fees	\$ 4,915,202	\$ 4,739,984
Interest income	4,312	2,268
Other operating revenues	135,958	77,901
Total revenues	<u>5,055,472</u>	<u>4,820,153</u>
Expenses:		
Lake lodge	49,709	44,894
Fitness center	124,958	128,356
Activities building	119,732	107,733
Tennis and platform	18,664	13,200
Pool	319,154	308,906
Transportation	241,386	325,886
Roads and grounds	1,206,188	1,000,818
Maintenance yard	266,155	8,167
General and administrative	1,827,047	1,759,456
Insurance claim expenses	132,969	-
	<u>4,305,962</u>	<u>3,697,416</u>
Excess of revenues over expenses before depreciation and income taxes	749,510	1,122,737
Depreciation	<u>448,602</u>	<u>459,169</u>
Excess of revenues over expenses before income taxes	300,908	663,568
Income taxes (credits)	<u>3,527</u>	<u>3,330</u>
Excess of revenues over expenses	<u>\$ 297,381</u>	<u>\$ 660,238</u>

See auditor's report. See notes to financial statements.

**HERITAGE HILLS SOCIETY, LTD.**  
**STATEMENTS OF HOMEOWNERS' EQUITY**  
**for the years ended December 31, 2018 and 2017**

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	<u>Reserve</u>	<u>Operating</u>	<u>Total</u>
Balance at December 31, 2016	\$ 827,794	\$ 5,226,035	\$ 6,053,829
Excess (deficiency) of revenues over expenses	927,681	(267,443)	660,238
Allocated to future major repairs and replacements:			
Operating transfers in (out)	54,517	(54,517)	-
Capital improvements and repairs	<u>(1,138,865)</u>	<u>1,138,865</u>	<u>-</u>
Balance at December 31, 2017	671,127	6,042,940	6,714,067
Excess (deficiency) of revenues over expenses	727,620	(430,239)	297,381
Allocated to future major repairs and replacements:			
Operating transfers in (out)	(107,732)	107,732	-
Maintenance yard deposit	(75,000)	75,000	-
Refund of maintenance yard deposit	67,917	(67,917)	-
Capital improvements and repairs	(613,383)	613,383	-
Principal payments	<u>(91,419)</u>	<u>91,419</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ 579,130</u>	<u>\$ 6,432,318</u>	<u>\$ 7,011,448</u>

**See auditor's report. See notes to financial statements.**

**HERITAGE HILLS SOCIETY, LTD.**  
**STATEMENTS OF CASH FLOWS**  
**for the years ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ <u>297,381</u>	\$ <u>660,238</u>
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	448,602	459,169
Assessments receivable - net	59,656	29,345
Insurance proceeds receivable	(114,077)	-
Prepaid expenses	20,258	11,378
Deposits	3,182	-
Accounts payable and accrued expenses	(45,349)	28,536
Insurance proceeds payable	(143,307)	143,307
Prepaid common charges	(42,115)	(10,467)
Total adjustments	<u>186,850</u>	<u>661,268</u>
Net cash provided by operating activities	<u>484,231</u>	<u>1,321,506</u>
Cash flows from investing activities:		
Acquisition of maintenance yard	(766,846)	-
Fixed asset additions	<u>(613,383)</u>	<u>(1,138,865)</u>
Net cash provided (used) by investing activities	<u>(1,380,229)</u>	<u>(1,138,865)</u>
Cash flows from financing activities:		
Loan Proceeds	750,000	-
Payments of long-term debt	<u>(214,847)</u>	<u>(143,640)</u>
Net cash provided (used) by financing activities	<u>535,153</u>	<u>(143,640)</u>
Net increase (decrease) in cash and cash equivalents	(360,845)	39,001
Cash and cash equivalents at beginning of year	<u>977,308</u>	<u>938,307</u>
Cash and cash equivalents at end of year	<u>\$ <u>616,463</u></u>	<u>\$ <u>977,308</u></u>
Supplementary Information to the Statement of Cash Flows:		
Cash paid for, interest	\$ <u>9,633</u>	\$ <u>13,345</u>
Cash paid for, income taxes	\$ <u>3,624</u>	\$ <u>3,332</u>

See auditor's report. See notes to financial statements.



**HERITAGE HILLS SOCIETY, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**

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1. Nature of Organization:

Heritage Hills is located in Somers, New York. Heritage Hills Society, Ltd. (the "Association") owns, operates and maintains the real estate at the main entrance to Heritage Hills and the land upon which the Activities Center, the Lake Lodge, the swimming pools and the tennis courts are located. In addition the Association maintains the A and B roads and storm water basins and outdoor lighting fixtures located thereon.

2. Date of Management's Review:

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 23, 2019, the date that the financial statements were available to be issued.

3. Summary of Significant Accounting Policies:

Basis of accounting:

The Association prepares its financial statements using the accrual basis of accounting. This method of accounting records revenues to the Association, such as common charges, when the amounts are due, regardless of when actually received from unit owners. Expenses of the Association are likewise recorded when incurred for goods and services rendered to the Association and not when actually paid.

Fund accounting:

The accounts of the Association are organized on the basis of funds, each of which is considered a separate accounting entity. Association resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds utilized by the Association are as follows:

Operating Funds - general funds are utilized as the primary operating funds of the Association.

Reserve Funds - reserve funds are utilized to account for financial resources to be used for the acquisition or construction of capital improvements or major repairs.

**See auditor's report.**

**HERITAGE HILLS SOCIETY, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**

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3. Summary of Significant Accounting Policies (continued):

Cash equivalents:

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2018 and 2017.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Property and equipment:

Property and equipment are stated at cost. Depreciation is calculated using the straight-line or accelerated methods based upon the following estimated useful lives:

	Years
Buildings and improvements	27.5-39
Equipment and furnishings	5-10
Motor vehicles	3-10

Expenditures for maintenance and repairs are charged to expense and renewals and betterments are capitalized. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts, and the resulting gains or losses are included in the results of operations.

The following is a summary of property and equipment as of December 31, 2018 and 2017:

	2018	2017
Land	\$ 164,206	\$ 164,206
Maintenance yard	766,846	-
Buildings and improvements	9,828,149	9,274,086
Equipment and furnishings	752,246	752,246
Vehicles	409,196	349,874
	11,920,643	10,540,412
Less accumulated depreciation	4,789,139	4,340,537
	\$ 7,131,504	\$ 6,199,875

See auditor's report.

**HERITAGE HILLS SOCIETY, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**

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3. Summary of Significant Accounting Policies (continued):

Impairment of long-lived assets:

The Association reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Association compares the carrying value of the asset with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset carrying values and the present values of the estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. As a result of its review, the Association does not believe that any material impairment currently exists related to its long-lived assets.

Income taxes:

The Association files its tax return as a Cooperative Corporation. Cooperative corporations generally are taxed only on nonmembership income, such as interest. Earnings from members, if any, may be excluded from taxation if certain elections are made.

The Association recognizes the effects of tax positions only when they are more likely than not to be sustained. At December 31, 2018, the Association did not have any unrecognized tax benefits or liabilities. The Association operates in the United States and in state and local jurisdictions. The three previous years remain subject to examination by tax authorities. There are presently no ongoing income tax examinations.

The Association's income tax returns are subject to examination by taxing authorities for three years after the returns are filed. The Association's income tax returns for 2016, 2017 and 2018 remain open to examination. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Member assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are sixty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2018 and 2017, the Association had delinquent assessments of \$72,150 and \$213,469, respectively, and an allowance for doubtful accounts of \$54,337 and \$136,000, respectively.

**See auditor's report.**

**HERITAGE HILLS SOCIETY, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**

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3. Summary of Significant Accounting Policies (continued):

Reclassifications:

Certain items have been reclassified to conform to the current year's presentation.

4. Activity Clubs:

The Association sponsors a variety of community activity clubs. Activity clubs revenue, expenses and net assets are reported to the Association on an annual basis from the treasurers of the clubs. These activity funds are not comingled with, and do not affect, the financial affairs or condition of Heritage Hills Society and therefore are not included in these financial statements.

5. Long-Term Debt:

The following is a summary of long-term debt as of December 31, 2018 and 2017:

	2018	2017
Loan payable to Newtown Savings Bank in monthly installments of \$13,082 including interest at 4.53% per annum through May 2019, secured by a lien on future common charges	\$ -	\$ 214,847
Loan payable to PCSB Bank in monthly installments of \$8,077 including interest at 5.26% per annum through January 2029	750,000	-
	750,000	214,847
Less current maturities	53,424	150,256
	\$ 696,576	\$ 64,591

Approximate maturities of long-term debt are as follows for the years ending December 31,:

2020	61,257
2021	64,605
2022	68,135
2023	71,859
2024	75,787
Thereafter	354,933
	\$ 696,576

During November of 2018, the Association paid off the remaining balance of the loan held with Newtown Savings Bank.

See auditor's report.

**HERITAGE HILLS SOCIETY, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**

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6. Concentrations of credit risk:

Financial instruments that potentially expose the Association to concentrations of credit risk consist primarily of cash and cash equivalents in financial institutions which, from time to time, exceed federal insurance limits.

7. Future Major Repairs and Replacements:

The Association's governing documents do not require funds to be accumulated for future major repairs and replacements. The Association has conducted a study to estimate the remaining useful lives and the replacement costs of the common property components. Accumulated funds, which aggregate approximately \$579,130 as of December 31, 2018, are held in separate accounts and are generally not available for operating purposes. It is the Association's policy to allocate income earned on such funds to the reserve funds. If significant major repairs and replacements are deemed to be needed, the amounts accumulated in the replacement fund may not be adequate to meet these needs. If additional funds are needed, however, the Association has the right to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available. The effects on future assessments have not been determined as of the date of this report.

8. Reserve Funds Activity:

The following is a summary of the reserve funds activity for the year ended December 31, 2018

Fund balance - beginning of year		\$	671,127
Additions to reserve:			
Society fees	\$	723,000	
Refund on maintenance yard deposit		67,917	
Interest and other income		4,620	795,537
Fund expenditures:			
Fitness center equipment		9,877	
Pool repairs and equipment		25,477	
Heritage room sound and lighting		14,834	
Activities center renovation		51,080	
Replacement bus and truck		59,321	
Storm water management		135,750	
Road paving		296,794	
Lake Lodge A/C units		16,500	
Tennis court		3,750	
Loan repayments		91,419	
Deposit on maintenance yard		75,000	
Transfers for prior year accrued expenses		19,073	
Transfers to operating fund for fire expenditures		88,659	(887,534)
Fund balance - end of year			\$ 579,130

See auditor's report.

**HERITAGE HILLS SOCIETY, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**

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9. Insurance Claim:

The building which houses the security office, fitness center, gym, men's and women's locker rooms and bathrooms was damaged by fire on October 30, 2017. The security office was destroyed, the fitness center suffered water damage and the other parts of the building were damaged to a lesser extent. The Association carries 'replacement value' insurance coverage. The initial estimated cost of repair was \$350,000 for the building and \$75,000 for furnishings for a total estimate of \$425,000. The facility reopened on April 23, 2018.

As of December 31, 2018, the Association has received \$319,265 in insurance proceeds to cover the repairs to the damaged property and incurred \$566,312 in related costs. During January of 2019, the Association received additional proceeds in the amount of \$32,197. As of April 23, 2019, the date that the financial statements were available to be issued, the Association expects to receive an additional \$81,880 in insurance proceeds as a final settlement for the claim.

10. Loss Contingency:

In the normal course of business, the Association is either the plaintiff or defendant in various litigation matters. As of the date of these financial statements the outcome of these various matters is unknown.

**See auditor's report.**

**HERITAGE HILLS SOCIETY, LTD.**  
**SUPPORTING SCHEDULES**  
for the years ended December 31, 2018 and 2017

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Schedule 1 - Other Operating Revenues	<u>2018</u>	<u>2017</u>
Late fees	\$ 13,836	\$ 18,804
Other	<u>122,122</u>	<u>59,097</u>
	<u>\$ 135,958</u>	<u>\$ 77,901</u>

Schedule 2 - Lake Lodge Expenses		
Mortgage interest	\$ 9,633	\$ 13,345
Repairs and maintenance	12,806	9,141
Furnishings and equipment	-	-
Electricity	10,696	9,041
Water and sewer	1,576	1,149
Communication	3,003	2,849
Oil and propane	<u>11,995</u>	<u>9,369</u>
	<u>\$ 49,709</u>	<u>\$ 44,894</u>

Schedule 3 - Fitness Center Expenses		
Personal services	\$ 57,296	\$ 90,147
Electricity	12,494	9,806
Oil and propane	12,670	15,457
Water and sewer	3,328	3,037
Communication	2,336	856
Real estate taxes	458	450
Repairs and maintenance	36,376	8,603
Furnishings and equipment	-	-
	<u>\$ 124,958</u>	<u>\$ 128,356</u>

Schedule 4 - Activities Building Expenses		
Electricity	\$ 26,488	\$ 22,585
Oil and propane	16,101	8,930
Water and sewer	1,946	3,867
Communication	24,121	14,789
Repairs and maintenance	51,076	54,461
Furnishings and equipment	-	3,101
	<u>\$ 119,732</u>	<u>\$ 107,733</u>

See auditor's report.

**HERITAGE HILLS SOCIETY, LTD.**  
**SUPPORTING SCHEDULES**  
**for the years ended December 31, 2018 and 2017**

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Schedule 5- Tennis and Platform Expenses	<u>2018</u>	<u>2017</u>
Electricity	\$ 442	\$ 853
Oil and propane	-	2,751
Repairs and maintenance	18,222	9,596
	<u>\$ 18,664</u>	<u>\$ 13,200</u>

Schedule 6 - Pool Expenses		
Contract labor	\$ 135,544	\$ 145,450
Contracted services	47,240	42,945
Supplies	2,725	8,296
Repairs and maintenance	82,548	47,570
Furnishings and equipment	14,970	11,551
Water and sewer	11,505	8,753
Communication	1,092	2,386
Electricity	5,414	9,211
Oil and propane	18,116	32,744
	<u>\$ 319,154</u>	<u>\$ 308,906</u>

Schedule 7 - Transportation Expenses		
Contracted services	\$ 176,091	\$ 317,631
Fuel	38,900	3,707
Repairs and maintenance	26,395	4,548
	<u>\$ 241,386</u>	<u>\$ 325,886</u>

Schedule 8 - Roads and Grounds Expenses		
Personal services	\$ 350,472	\$ 352,264
Winter/summer program	719,446	549,760
Road maintenance and paving	12,336	22,626
Street light maintenance	34,236	14,204
Street light electricity	8,886	28,235
Landscape maintenance	80,812	32,129
Storm water maintenance	-	1,600
	<u>\$ 1,206,188</u>	<u>\$ 1,000,818</u>

See auditor's report.



**HERITAGE HILLS SOCIETY, LTD.**  
**SUPPORTING SCHEDULES**  
**for the years ended December 31, 2018 and 2017**

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Schedule 9 - Maintenance Yard	<u>2018</u>	<u>2017</u>
Contract labor	\$ 77,681	\$ -
Furnishings and equipment	2,858	-
Electricity	6,364	-
Oil and propane	83,073	-
Water and sewer	1,448	-
Communication	4,917	-
Repairs and maintenance	31,408	-
Lease payments	32,280	-
Real estate taxes	26,126	-
	<u>\$ 266,155</u>	<u>\$ -</u>

Schedule 10 - General and Administrative Expenses

Personal services	\$ 144,740	\$ 144,521
Security	817,332	834,230
Management fees	304,500	305,250
Professional fees	67,710	54,979
Insurance	103,831	103,595
Payroll taxes and employee benefits	216,847	168,506
Office supplies and expenses	15,959	14,697
Materials and supplies	74,519	61,044
Community activities	35,191	42,256
Refuse removal	5,029	3,954
Permits and fees	6,229	5,424
Bad debt	35,160	21,000
	<u>\$ 1,827,047</u>	<u>\$ 1,759,456</u>

See auditor's report.

## **SUPPLEMENTARY INFORMATION**

**HERITAGE HILLS SOCIETY, LTD.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS**  
**AND REPLACEMENTS (UNAUDITED)**  
**December 31, 2018**

In August 2014, the Board authorized a study to estimate the remaining useful lives and the replacement costs of the facilities and buildings. The funding requirements were based on current replacement costs, adjusted for timing of such replacement. These estimates were obtained from Becht Engineering who inspected the Common Property. The study has been updated several times with the latest revision being in 2018.

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

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Replacement Cost (2017 Dollars)</u>	
<b>Activities Center</b>			
Carpet	6 to 8	\$ 13,840	
Doors	0	5,000	
Floors	9 to 14	16,214	
Floors	4 to 9	2,750	
Generator	19	80,000	
Lighting	4 to 9	14,750	
Parking lot	18	80,000	
Kitchen, remodel	9	18,000	
Siding	9	22,155	
Windows	4	<u>14,300</u>	\$ 267,009
<b>Lake Lodge</b>			
Air conditioner	4	7,500	
Carpet	9	20,672	
Doors	2	3,000	
Gazebo	24	9,500	
Patio	24	TBD	
Siding	24	TBD	
Windows	4	<u>29,900</u>	70,572
<b>Pools</b>			
Bathrooms	9	34,000	
Canopies	9	13,000	
Canopies	14	8,000	
Pool decks	14	56,920	
Pool paving	various	48,540	
Filter systems	9	24,000	
Heaters	9	6,000	
Lighting	9	5,000	
Marcite	9 to 14	48,000	
Shingles	7 to 9	<u>7,417</u>	250,877
<b>Tennis, Paddle Tennis</b>			
Paddle court heaters	0	7,200	
Tennis court 1,2 and 3	7	<u>90,000</u>	97,200
<b>Fitness</b>			
Exercise equipment	various	<u>80,000</u>	80,000
<b>Site work</b>			
Street lighting	22	200,000	
Paving	various	<u>3,440,000</u>	3,640,000

See auditor's report.

**HERITAGE HILLS SOCIETY, LTD.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS**  
**AND REPLACEMENTS (UNAUDITED) - CONTINUED**  
**December 31, 2018**

<u>Components (continued)</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Replacement Cost (2017 Dollars)</u>	
<b>Maintenance Yard</b>			
Metal equipment building	35	90,000	
Salt storage barn	25	75,000	
Steel storage barn	35	25,000	190,000
			\$ 4,595,658

See auditor's report.