

HERITAGE HILLS SOCIETY, LTD.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2019 and 2018

HERITAGE HILLS SOCIETY, LTD.

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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, 2019 and 2018, 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, 2019 and 2018, 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 pages 16-17 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
July 16, 2020

HERITAGE HILLS SOCIETY, LTD.
BALANCE SHEETS
December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash - operating	\$ 470,485	\$ 37,333
Cash - savings	316,980	579,130
Assessments receivable, less allowance for uncollectible assessments of \$64,697 and \$54,337, respectively	9,010	17,813
Insurance proceeds receivable	-	114,077
Prepaid expenses	<u>54,578</u>	<u>21,124</u>
Total current assets	851,053	769,477
Property and equipment, net of accumulated depreciation	<u>7,835,898</u>	<u>7,131,504</u>
Total assets	<u>\$ 8,686,951</u>	<u>\$ 7,900,981</u>

LIABILITIES AND HOMEOWNERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses	\$ 357,724	\$ 95,117
Current maturities of long-term debt	61,257	53,424
Prepaid common charges	<u>94,786</u>	<u>44,416</u>
Total current liabilities	513,767	192,957
Long-term liabilities:		
Long-term debt, net of current portion	635,380	696,576
Security deposits	<u>6,800</u>	<u>-</u>
Total long-term liabilities	642,180	696,576
Total liabilities	<u>1,155,947</u>	<u>889,533</u>
Homeowners' equity:		
Reserve	-	579,130
Operating	<u>7,531,004</u>	<u>6,432,318</u>
	<u>7,531,004</u>	<u>7,011,448</u>
Total liabilities and homeowners' equity	<u>\$ 8,686,951</u>	<u>\$ 7,900,981</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues:		
Society fees	\$ 5,098,760	\$ 4,915,202
Interest income	6,414	4,312
Other operating revenues	66,877	135,958
Total revenues	<u>5,172,051</u>	<u>5,055,472</u>
Expenses:		
Lake lodge	37,589	40,076
Fitness center	142,283	124,500
Activities building	119,096	119,732
Tennis and platform	17,181	18,664
Pool	339,077	319,154
Transportation	247,560	230,944
Roads and grounds	922,584	866,158
Maintenance yard	189,813	275,788
General administrative	1,050,169	1,039,967
Employee benefits	212,802	216,847
Insurance	94,051	103,831
Security	837,579	817,332
Insurance claim expenses	1,624	132,969
	<u>4,211,408</u>	<u>4,305,962</u>
Excess of revenues over expenses before depreciation and income taxes	960,643	749,510
Depreciation	<u>437,344</u>	<u>448,602</u>
Excess of revenues over expenses before income taxes	523,299	300,908
Income taxes (credits)	<u>3,743</u>	<u>3,527</u>
Excess of revenues over expenses	<u>\$ 519,556</u>	<u>\$ 297,381</u>

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

HERITAGE HILLS SOCIETY, LTD.
STATEMENTS OF HOMEOWNERS' EQUITY
for the years ended December 31, 2019 and 2018

	Reserve	Operating	Total
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	(91,419)	91,419	-
Balance at December 31, 2018	579,130	6,432,318	7,011,448
Interfund transfer	(579,130)	579,130	-
Fund balance, as adjusted, at January 1, 2019	-	7,011,448	7,011,448
Excess (deficiency) of revenues over expenses	-	519,556	519,556
Balance at December 31, 2019	\$ -	\$ 7,531,004	\$ 7,531,004

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

HERITAGE HILLS SOCIETY, LTD.
STATEMENTS OF CASH FLOWS
for the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 519,556	\$ 297,381
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	418,556	448,602
Assessments receivable - net	8,803	59,656
Insurance proceeds receivable	114,077	(114,077)
Prepaid expenses	(33,454)	20,258
Deposits	-	3,182
Accounts payable and accrued expenses	262,607	(45,349)
Insurance proceeds payable	-	(143,307)
Prepaid common charges	50,370	(42,115)
Total adjustments	<u>820,959</u>	<u>186,850</u>
Net cash provided by operating activities	<u>1,340,515</u>	<u>484,231</u>
Cash flows from investing activities:		
Acquisition of maintenance yard	-	(766,846)
Fixed asset additions	(1,122,950)	(613,383)
Net cash provided (used) by investing activities	<u>(1,122,950)</u>	<u>(1,380,229)</u>
Cash flows from financing activities:		
Loan Proceeds	-	750,000
Security Deposits	6,800	-
Payments of long-term debt	(53,363)	(214,847)
Net cash provided (used) by financing activities	<u>(46,563)</u>	<u>535,153</u>
Net increase (decrease) in cash and cash equivalents	171,002	(360,845)
Cash and cash equivalents at beginning of year	<u>616,463</u>	<u>977,308</u>
Cash and cash equivalents at end of year	<u>\$ 787,465</u>	<u>\$ 616,463</u>
Supplementary Information to the Statement of Cash Flows:		
Cash paid for, interest	\$ 35,481	\$ 9,633
Cash paid for, income taxes	<u>\$ 3,743</u>	<u>\$ 3,624</u>

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

HERITAGE HILLS SOCIETY, LTD.
NOTES TO FINANCIAL STATEMENTS

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 July 16, 2020, 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.

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.

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, 2019 and 2018.

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.

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
NOTES TO FINANCIAL STATEMENTS

3. Summary of Significant Accounting Policies (continued):

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:

The following is a summary of property and equipment as of December 31, 2019 and 2018:

	2019	2018
Land	\$ 164,205	\$ 164,206
Maintenance yard	876,366	766,846
Fitness center	2,191,780	2,041,337
Activities center	2,032,175	2,020,222
Recreational satellite	5,570,228	4,758,429
Equipment and furnishings	757,618	735,028
Lake lodge	1,025,379	1,025,379
Vehicles	425,842	409,196
	13,043,593	11,920,643
Less accumulated depreciation	5,207,695	4,789,139
	\$ 7,835,898	\$ 7,131,504

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 filed its income tax return as a homeowners' association in accordance with the Internal Revenue Code Section 528 for the year ended December 31, 2019. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its nonexempt function income, which includes interest income and revenue received from nonmembers.

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
NOTES TO FINANCIAL STATEMENTS

3. Summary of Significant Accounting Policies (continued):

A homeowners' association with no federal income is no longer subject to the fixed dollar minimum tax or the metropolitan transportation business tax (MTA surcharge) computed on the fixed dollar minimum. Homeowners' associations with no federal taxable income may still owe tax on other bases and the MTA surcharge computed on those bases.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association's management believes it is no longer subject to income tax examinations for years prior to 2016.

Member assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments 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.

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 homeowners whose assessments are ninety days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2019 and 2018, the Association had delinquent assessments of \$73,707 and \$72,150, respectively, and an allowance for doubtful accounts of \$64,697 and \$54,337, respectively.

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 balances of assessments receivable as of the beginning and end of the year are \$72,150 and \$73,707, respectively.

4. Activity Clubs:

The Association sponsors a variety of community activity clubs. The Association will issue 1099's to individuals or companies making \$600 or more for these goods or services. During 2019, the treasurers of the Clubs did not provide the Association adequate information to be able to issue 1099's.

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
NOTES TO FINANCIAL STATEMENTS

5. Subsequent Events:

On March 11, 2020, it was declared by the World Health Organization that COVID-19 was a global pandemic. New York State Governor Andrew Cuomo made an executive order shutting down nonessential businesses for the entire State, soon thereafter. As a result of the COVID-19 outbreak, uncertainties have arisen which have resulted in a negative shift in the economy. The impact to the real estate and employment markets could have a negative impact on the ability of the Association to collect the funds necessary to meet operational commitments. The related financial impact and duration cannot be reasonably estimated as of the date of the financial statements.

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. 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.

8. Long-Term Debt:

The following is a summary of long-term debt as of December 31, 2019 and 2018:

	2019	2018
Loan payable to PCSB Bank in monthly installments of \$8,077 including interest at 5.26% per annum through January 2029	696,637	750,000
	696,637	750,000
Less current maturities	61,257	53,424
\$	635,380	\$ 696,576

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
NOTES TO FINANCIAL STATEMENTS

8. Long-Term Debt (continued):

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

2021	64,605
2022	68,135
2023	71,859
2024	75,787
2025	79,929
Thereafter	<u>275,065</u>
	<u>\$ 635,380</u>

9. 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. The Association does not have accumulated funds that are reserved for future repairs and replacements. If significant major repairs and replacements are deemed to be needed, the amounts accumulated in the savings account 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.

10. Interested Directors:

The New York State Business Corporation Law requires that the Board of Directors disclose to its members any contracts involving interested directors. Interested directors are those affiliated with or who have a substantial financial interest in a company who is a party to a contract with the Association. The Board represents that no actions taken during the year ended December 31, 2019 and 2018 were subject to the annual reporting requirements.

11. 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, 2019, the Association has received \$443,673 in insurance proceeds to cover the repairs to the damaged property and incurred \$578,265 in related costs. The Association is done collecting from the insurance claim as of December 31, 2019.

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
NOTES TO FINANCIAL STATEMENTS

12. Reserve Funds:

During 2019, it was deemed by The Association that reserve funds accumulated in prior years were being used primarily for operating expenses, and as such, The Association has transitioned away from accumulating a dedicated reserve fund for future major repairs and replacements. These funds were transitioned in the general operating account, separated into daily operating and saving accounts.

13. Reclassifications:

Certain prior year amounts have been reclassified to conform to the 2019 presentation.

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
SUPPORTING SCHEDULES
for the years ended December 31, 2019 and 2018

Schedule 1 - Other Operating Revenues	<u>2019</u>	<u>2018</u>
Late fees	\$ 7,897	\$ 13,836
Other	58,980	122,122
	<u>\$ 66,877</u>	<u>\$ 135,958</u>

Schedule 2 - Lake Lodge Expenses		
Repairs and maintenance	\$ 11,160	\$ 12,806
Furnishings and equipment	1,006	-
Electricity	8,823	10,696
Water and sewer	1,404	1,576
Communication	4,866	3,003
Oil and propane	10,330	11,995
	<u>\$ 37,589</u>	<u>\$ 40,076</u>

Schedule 3 - Fitness Center Expenses		
Personal services	\$ 86,576	\$ 57,296
Electricity	10,284	12,494
Oil and propane	11,897	12,670
Water and sewer	5,670	3,328
Communication	3,360	2,336
Repairs and maintenance	24,496	36,376
	<u>\$ 142,283</u>	<u>\$ 124,500</u>

Schedule 4 - Activities Building Expenses		
Electricity	\$ 21,677	\$ 26,488
Oil and propane	13,157	16,101
Water and sewer	2,241	1,946
Communication	24,490	24,121
Repairs and maintenance	57,531	51,076
	<u>\$ 119,096</u>	<u>\$ 119,732</u>

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
SUPPORTING SCHEDULES
for the years ended December 31, 2019 and 2018

Schedule 5- Tennis and Platform Expenses	<u>2019</u>	<u>2018</u>
Electricity	\$ 428	\$ 442
Oil and propane	2,664	-
Repairs and maintenance	<u>14,089</u>	<u>18,222</u>
	<u>\$ 17,181</u>	<u>\$ 18,664</u>

Schedule 6 - Pool Expenses		
Contract labor	\$ 143,674	\$ 135,544
Contracted services	47,617	47,240
Supplies	3,645	2,725
Repairs and maintenance	97,995	82,548
Furnishings and equipment	1,275	14,970
Water and sewer	9,358	11,505
Communication	4,307	1,092
Electricity	8,174	5,414
Oil and propane	<u>23,032</u>	<u>18,116</u>
	<u>\$ 339,077</u>	<u>\$ 319,154</u>

Schedule 7 - Transportation Expenses		
Contracted services	\$ 197,864	\$ 176,091
Fuel	27,316	30,197
Repairs and maintenance	<u>22,380</u>	<u>24,656</u>
	<u>\$ 247,560</u>	<u>\$ 230,944</u>

Schedule 8 - Roads and Grounds Expenses		
Winter/summer program	769,324	719,446
Road maintenance and paving	18,216	12,336
Street light maintenance	45,380	34,236
Street light electricity	28,796	8,886
Vehicle repairs and fuel	10,545	10,442
Landscape maintenance	<u>50,323</u>	<u>80,812</u>
	<u>\$ 922,584</u>	<u>\$ 866,158</u>

See auditor's report.

HERITAGE HILLS SOCIETY, LTD.
SUPPORTING SCHEDULES
for the years ended December 31, 2019 and 2018

Schedule 9 - Maintenance Yard

	2019	2018
Mortgage interest	\$ 35,481	\$ 9,633
Contract labor	82,673	77,681
Furnishings and equipment	-	2,858
Electricity	6,330	6,364
Oil and propane	13,629	83,073
Water and sewer	1,522	1,448
Communication	3,247	4,917
Repairs and maintenance	20,246	31,408
Lease payments	-	32,280
Real estate taxes	26,685	26,126
	\$ 189,813	\$ 275,788

Schedule 10 - General and Administrative Expenses

Personnel services	\$ 523,301	\$ 495,212
Management fees	311,925	304,500
Professional fees	34,762	67,710
Office supplies and expenses	58,980	15,959
Materials and supplies	38,315	74,519
Community activities	31,365	35,191
Real estate taxes	469	458
Refuse removal	4,546	5,029
Permits and fees	3,649	6,229
Loss on equipment disposal	28,375	-
Bad debt	14,482	35,160
	\$ 1,050,169	\$ 1,039,967

See auditor's report.

SUPPLEMENTARY INFORMATION

HERITAGE HILLS SOCIETY, LTD.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (UNAUDITED)
December 31, 2019

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 (2018 Dollars)</u>	
Activities Center			
Carpet	5 to 7	\$ 13,840	
Doors	0	5,000	
Floors	8 to 13	16,214	
Floors	3 to 8	2,750	
Generator	18	80,000	
Lighting	3 to 8	14,750	
Parking lot	17	80,000	
Kitchen, remodel	8	18,000	
Siding	8	22,155	
Windows	3	<u>14,300</u>	\$ 267,009
Lake Lodge			
Air conditioner	3	7,500	
Carpet	8	20,672	
Doors	1	3,000	
Gazebo	23	9,500	
Patio	23	TBD	
Siding	23	TBD	
Windows	3	<u>29,900</u>	70,572
Pools			
Bathrooms	8	34,000	
Canopies	8	13,000	
Canopies	13	8,000	
Pool decks	13	56,920	
Pool paving	various	48,540	
Filter systems	8	24,000	
Heaters	8	6,000	
Lighting	8	5,000	
Marcite	8	48,000	
Shingles	8 to 13	<u>7,417</u>	250,877
Tennis, Paddle Tennis			
Paddle court heaters	0	7,200	
Tennis court 1,2 and 3	6	<u>90,000</u>	97,200
Fitness			
Exercise equipment	various	<u>80,000</u>	80,000
Site work			
Street lighting	21	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, 2019

<u>Components (continued)</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Replacement Cost (2018 Dollars)</u>	
Maintenance Yard			
Metal equipment building	34	90,000	
Salt storage barn	24	75,000	
Steel storage barn	34	25,000	190,000
			\$ 4,595,658

See auditor's report.