



FAIRWAYS ASSOCIATION

April 30, 2021

RE Distribution of Fairways Audited Financial Statements

Dear PGA WEST Fairways Homeowner:

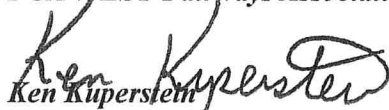
The California Civil Code requires that a review of the Financial Statements of the Association be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000.00.

Therefore, please find enclosed the audited Financial Statements for PGA WEST Fairways Association for the fiscal year of January 1, 2020 through December 31, 2020. The audit includes the Base assessment audit, audit for the two sub-associations and each of the 17 Special Benefit Areas (SBAs).

The materials have been reviewed by the Controller of The Management Trust, Desert Division, the Fairways Finance Committee and the Board of Directors of the PGA WEST Fairways Association; and were approved by the Board for mailing to all homeowners. The audit was prepared by Newman & Associates, Certified Public Accountants.

Please note you are receiving these documents via hard copy as you have not signed up to "Go Green" with the Association. Signing up to Go Green allows the Association to send you documents that you are legally entitled to through electronic means (email). Over 75% of your fellow homeowners have enrolled in this program. Not only will you receive documents faster and more efficiently, you will be assisting the Association with savings on administrative costs associated with these required mailers. If you are interested in signing up, please complete and return the enclosed form entitled Address Information Form. If you have any questions, please do not hesitate to contact me directly at (760) 862-6335 or by email at Ken.kuperstein@managementtrust.com

Sincerely,
On Behalf of the Board of Directors
PGA WEST Fairways Association


Ken Kuperstein
General Manager

**PGA WEST FAIRWAYS ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**PGA WEST FAIRWAYS ASSOCIATION
FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

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NEWMAN
Certified Public Accountant, PC

Independent Auditor's Report

To the Board of Directors of PGA West Fairways Association

We have audited the accompanying financial statements of PGA West Fairways Association (the "Association"), which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform 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 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 PGA West Fairways Association as of December 31, 2020, and results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

Other Matter - Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statement, taken as a whole. We have not applied procedures to determine whether the funds designated for future repairs and replacements as discussed in Note 5 are adequate to meet such future costs, because such determination is outside the scope of our audit. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of revenues, expenses, and changes in fund balances on pages 13-30 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion of Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Supplementary Information on Future Repairs and Replacements on page 31 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 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 the 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.

Newman Certified Public Accountant, PC

Carlsbad, California

March 22, 2021

PGA WEST FAIRWAYS ASSOCIATION
BALANCE SHEET
December 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,747,454	\$ 449,924	\$ 2,197,378
Investments	-	5,900,000	5,900,000
Assessments receivable	39,795	-	39,795
Allowance for doubtful accounts	(17,371)	-	(17,371)
Other receivables	22,192	-	22,192
Interest receivable	1,442	15,538	16,980
Prepaid expenses	155	-	155
Prepaid taxes	2,509	-	2,509
Due from (to) fund	9,801	(9,801)	-
Total Assets	<u>\$ 1,805,977</u>	<u>\$ 6,355,661</u>	<u>\$ 8,161,638</u>
Liabilities			
Accounts payable	\$ 275,025	\$ 30,760	\$ 305,785
Deposits	287,123	-	287,123
Prepaid assessments	141,279	-	141,279
Deferred income	53,340	-	53,340
Income taxes payable	4,994	-	4,994
Contract liabilities (Assessments received in advance - replacement fund)	-	6,324,901	6,324,901
Total liabilities	<u>761,761</u>	<u>6,355,661</u>	<u>7,117,422</u>
Fund balances	<u>1,044,216</u>	<u>-</u>	<u>1,044,216</u>
Total liabilities and fund balances	<u>\$ 1,805,977</u>	<u>\$ 6,355,661</u>	<u>\$ 8,161,638</u>

The accompanying notes are an integral part of the financial statements
(See Independent Auditor's Report)

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 3,601,256	\$ 310,466	\$ 3,911,722
Master association dues	1,183,004	-	1,183,004
Interest	11,466	100,109	111,575
Other member income	103,590	-	103,590
Rebates	-	100,600	100,600
Cable income	18,720	-	18,720
Special assessment - Masters	7,935	-	7,935
Total revenues	<u>4,925,971</u>	<u>511,175</u>	<u>5,437,146</u>
Expenses			
Utilities			
Cable	462,200	-	462,200
Water and sewer	281,233	-	281,233
Electricity and gas	65,613	-	65,613
	<u>809,046</u>	<u>-</u>	<u>809,046</u>
Maintenance			
Landscape and irrigation	2,015,032	-	2,015,032
Tree trimming	57,798	-	57,798
Pool and spa	33,683	-	33,683
Common area repairs and maintenance	27,708	-	27,708
Lighting and electrical	26,619	-	26,619
	<u>2,197,272</u>	<u>-</u>	<u>2,197,272</u>
Administrative			
Master association dues	1,183,004	-	1,183,004
Management	337,301	-	337,301
Legal and professional	91,354	-	91,354
Income tax expense	39,485	-	39,485
Insurance	33,364	-	33,364
Administrative expense	23,167	-	23,167
	<u>1,707,675</u>	<u>-</u>	<u>1,707,675</u>
Major repairs and replacements		511,175	511,175
Total expenses	<u>4,713,993</u>	<u>511,175</u>	<u>5,225,168</u>
Excess(deficit) of revenues over(under) expenses	211,978	-	211,978
Beginning fund balances	889,690	-	889,690
Transfer to contract liabilities	(57,452)	-	(57,452)
Ending fund balances	<u>\$ 1,044,216</u>	<u>\$ -</u>	<u>\$ 1,044,216</u>

The accompanying notes are an integral part of the financial statements
(See Independent Auditor's Report)

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Excess(deficit) of revenues over(under) expenses	\$ 211,978	\$ -	\$ 211,978
Adjustments to reconcile excess(deficit) of revenues over(under) expenses to net cash provided(used) by operating activities			
Assessments receivable	(4,571)	-	(4,571)
Allowance for doubtful accounts	5,752	-	5,752
Other receivables	10,687	-	10,687
Interest receivable	2,347	10,634	12,981
Prepaid expenses	33,415	-	33,415
Prepaid taxes	(2,509)	-	(2,509)
Accounts payable	170,584	30,760	201,344
Prepaid assessments	(50,525)	-	(50,525)
Deposits	(112,145)	-	(112,145)
Deferred income	215,063	-	215,063
Income taxes payable	(3,725)	-	(3,725)
Contract liabilities (Assessments received in advance - replacement fund)	-	686,001	686,001
Net cash provided(used) by operating activities	264,373	727,395	991,768
Cash provided(used) by investing activities:			
Change in Investments	650,000	(700,000)	(50,000)
Net cash flows from investing activities	650,000	(700,000)	(50,000)
Cash provided(used) by financing activities:			
Transfer to contract liabilities	(57,452)	-	(57,452)
Interfund borrowings	(25,606)	25,606	-
Net cash flows from financing activities	(83,058)	25,606	(57,452)
Net increase(decrease) in cash and cash equivalents	1,043,293	53,001	1,096,294
Cash and cash equivalents at beginning of year	704,161	396,923	1,101,084
Cash and cash equivalents at end of year	\$ 1,747,454	\$ 449,924	\$ 2,197,378
SUPPLEMENTAL DISCLOSURE			
Income taxes paid			\$ 37,000
Interest paid			\$ -

The accompanying notes are an integral part of the financial statements
(See Independent Auditor's Report)

PGA WEST FAIRWAYS ASSOCIATION
Notes to Financial Statements
For the Year Ended December 31, 2020

1. Organization

PGA West Fairways Association (the "Association") was incorporated on October 15, 1998 as a nonprofit mutual benefit corporation under the laws of California, for the purposes of maintaining and preserving common property. The Association consists of 968 residential homes as of December 31, 2020 and is located in La Quinta, California. The Association includes 17 special benefit areas. At build out it is anticipated the development will consist of 1,150 homes.

2. Date of Management's Review

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

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the board of directors 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 reporting period. Actual results could differ significantly from those estimates.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure 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 the following funds established according to their nature and purpose:

Operating Fund – The fund is used to account for financial resources available for the general operations of the Association.

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

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. 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 properties of owners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. 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

PGA WEST FAIRWAYS ASSOCIATION
Notes to Financial Statements
For the Year Ended December 31, 2020

Association's control. The balances of assessments receivable as of the beginning and end of the year are \$35,224 and \$39,795, respectively. After the Board of Directors has exhausted all efforts to collect delinquent accounts, the Board of Directors may elect to write off uncollectible balances.

The Association recorded an allowance of doubtful account \$17,371 to reflect an estimate of accounts that may not be collectible, which includes accounts receivable greater than 90 days old.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Contract Liabilities (Assessments received in advance – replacement fund)

The Association recognizes replacement fund (reserves) revenue from members as related performance obligations are satisfied. A contract liability (assessments received in advance - replacement fund) is recorded when the Association has the right to receive payment in advance of satisfaction of performance obligations related to replacement reserve assessments. The balances of Contract Liabilities (assessments received in advance - replacement fund) as of the beginning and end of the year are \$5,638,112 and \$6,324,901, respectively.

Income Tax

The Association's policy is to record interest expense or penalties related to income tax in operating expenses.

Interest Income

Interest income is recognized when earned and allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

Cash and Cash Equivalents

Cash and cash equivalents include the Association's cash, checking accounts, money market funds and investments in certificates of deposit with original maturities of 90 days or less.

Investments

Investments consist of certificates of deposit and other securities and investment accounts with original maturities of more than 90 days.

Concentration of Credit Risk

The Association maintains bank accounts with balances that exceed FDIC federal insurance of \$250,000. The financial institution may carry private insurance, which may or may not be sufficient to reimburse for any losses. At December 31, 2020, \$733,001 was exposed to risk.

4. Income Taxes

Common Interest Realty Associations are generally taxed either as a qualifying Internal Revenue Code (IRC) Section 528 homeowners' association or as a regular corporation subject to the special provisions of IRC Section 277 for membership organizations. For the current year, the Association is filing Form 1120 for its federal income tax return. The income tax filing determination is assessed for each tax year and only pertains to the tax year being evaluated.

PGA WEST FAIRWAYS ASSOCIATION
Notes to Financial Statements
For the Year Ended December 31, 2020

IRC Section 277 requires that the Association separates all its income and expense activity between three categories: membership, non- membership, and capital. Taxable income includes excess membership income that has not been deferred by a valid Revenue Ruling 70-604 election, and net nonmember income, such as: interest income, other investment income, and other nonmember sourced income. Certain expenses were allocated to offset a portion of the Association's gross nonmember income. The Form 1120 tax rate is 21%.

The Association is also required to file California's Form 100 income tax return subject to California Revenue & Taxation Code sections 24405 and 24437 for its state income tax return. The Form 100 tax rate is 8.84%.

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 Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that as of the year end, 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 is subject to routine audits by taxing jurisdictions. The Internal Revenue Service and the California Franchise Tax Board can examine the Association's income tax returns generally up to three years and four years, respectively. There are currently no audits in progress for any tax period.

5. Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank accounts and are generally not available for operating fund expenses.

The Board of Directors conducted a study in 2020 to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on this study.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to membership approval, to increase regular assessments or to levy special assessments, or it may delay major repairs and replacements until funds are available.

6. FASB ASC 606 New Accounting Guidance Implementation

The Financial Accounting Standards Board (FASB) issued ASC 606 guidance, Revenue from Contracts with Customers, effective January 1, 2019, which superseded the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRA), Revenue Recognition. The Association has presented the attached financial statements in accordance with FASB ASC 606. Assessments attributed to the Operating Fund are recognized in the period earned. Assessments allocated to the Replacement Fund are recognized as revenue only when there are replacement fund expenditures, and to the extent the replacement fund expenditures exceed replacement fund interest income.

PGA WEST FAIRWAYS ASSOCIATION
Notes to Financial Statements
For the Year Ended December 31, 2020

The cumulative balance of Replacement Fund assessments that have not been recognized as income are accumulated as deferred replacement fund assessments and presented as Contract Liabilities (Assessments received in advance - Replacement fund) on the Balance Sheet. Deferred replacement fund assessments are increased by unrecognized replacement fund assessments and decreased as replacement fund assessments are recognized as revenue in the Statement of Revenue and Expenses and Changes in Fund Balances.

Contract Liabilities (Assessments received in advance - replacement fund) as of January 1, 2020	\$ 5,638,112
Assessments budgeted for Replacement Fund	939,803
Recognized Replacement Fund assessments	(310,466)
Adjustments and transfer to/from Contract Liabilities	57,452
Contract Liabilities (Assessments received in advance - replacement fund) as of December 31, 2020	<u>\$ 6,324,901</u>

7. COVID-19

The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern” and characterized COVID-19 as a pandemic. In the United States, the federal and state governments have implemented enhanced screenings, quarantine requirements, and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus began causing business disruptions domestically beginning in 2019 that are anticipated to continue for the foreseeable future. The extent of the impact of the COVID-19 pandemic on the Association's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact of the COVID-19 pandemic on overall demand for the Association's services and the ability of owners to pay assessments, all of which are highly uncertain and cannot be predicted.

8. Due from (to) fund

The balance of the Due from (to) fund accounts at December 31, 2020 totaled \$9,801, resulting primarily from reserve expenses paid by the Operating Fund.

9. Deferred Income

In 2018, the Association and Time Warner Cable Enterprises LLC, entered into a 60 months non- exclusive installation and service agreement. For the year ended December 31, 2020, the Association recognized an income of \$18,720 cable income and \$53,340 has been deferred.

10. Deposit

The Association receives refundable deposits from members prior to owners commencing landscape projects requiring Association approval. At December 31, 2020, the balance in the deposit liability account totaled \$287,123.

11. Related Party Transactions

The Association paid approximately \$326,141 to the management company in 2020 for payroll services.

12. Legal

The Association has engaged legal counsel to represent and advise the Board of Directors in various situations during the year. No amounts have been accrued for such matters in these financial statements.

SUPPLEMENTARY INFORMATION

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES - Base
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 1,572,353	\$ 30,053	\$ 1,602,406
Master association dues	1,183,004	-	1,183,004
Rebates	-	10,988	10,988
Interest	11,466	100,109	111,575
Cable income	18,720	-	18,720
Other member income	103,590	-	103,590
Total revenues	<u>2,889,133</u>	<u>141,150</u>	<u>3,030,283</u>
Expenses			
Utilities			
Electricity and gas	37,726	-	37,726
Water and sewer	32,900	-	32,900
Cable	462,200	-	462,200
	<u>532,826</u>	<u>-</u>	<u>532,826</u>
Maintenance			
Landscape and irrigation	402,698	-	402,698
Tree trimming	11,310	-	11,310
Common area repairs and maintenance	25,515	-	25,515
Lighting service and maintenance	25,666	-	25,666
Pool and spa	33,683	-	33,683
Pest control	2,807	-	2,807
Street sweeping	30,615	-	30,615
	<u>532,294</u>	<u>-</u>	<u>532,294</u>
Administrative			
Master association dues	1,183,004	-	1,183,004
Insurance	29,105	-	29,105
Management	337,301	-	337,301
Administrative expense	23,164	-	23,164
Legal and professional	88,431	-	88,431
Income tax expense	39,485	-	39,485
	<u>1,700,490</u>	<u>-</u>	<u>1,700,490</u>
Major repairs and replacements		141,150	141,150
Total expenses	<u>2,765,610</u>	<u>141,150</u>	<u>2,906,760</u>
Excess(deficit) of revenues over(under) expenses	123,523	-	123,523
Beginning fund balances	286,980	-	286,980
Transfer to contract liabilities	(24,440)	-	(24,440)
Ending fund balances	<u>\$ 386,063</u>	<u>\$ -</u>	<u>\$ 386,063</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES - Heritage
For the Year Ended December 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues			
Owners' assessments	\$ 167,292	\$ 16,604	\$ 183,896
Rebates		4,252	4,252
Total revenues	<u>167,292</u>	<u>20,856</u>	<u>188,148</u>
Expenses			
Utilities			
Electricity and gas	1,185	-	1,185
Water and sewer	10,331	-	10,331
	<u>11,516</u>	<u>-</u>	<u>11,516</u>
Maintenance			
Landscape and irrigation	149,040	-	149,040
Flowers	1,167	-	1,167
Tree trimming	2,704	-	2,704
	<u>152,911</u>	<u>-</u>	<u>152,911</u>
	-	-	-
Major repairs and replacements		20,856	20,856
Total expenses	<u>164,427</u>	<u>20,856</u>	<u>185,283</u>
Excess(deficit) of revenues over(under) expenses	2,865	-	2,865
Beginning fund balances	25,075	-	25,075
Ending fund balances	<u>\$ 27,940</u>	<u>\$ -</u>	<u>\$ 27,940</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Masters
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 149,292	\$ 9,067	\$ 158,359
Rebates		3,189	3,189
Special Assessment	7,935	-	7,935
Total revenues	<u>157,227</u>	<u>12,256</u>	<u>169,483</u>
Expenses			
Utilities			
Electricity and gas	2,216	-	2,216
Water and sewer	27,241	-	27,241
	<u>29,457</u>	<u>-</u>	<u>29,457</u>
Maintenance			
Landscape and irrigation	101,201	-	101,201
Flowers	3,355	-	3,355
	<u>110,640</u>	<u>-</u>	<u>110,640</u>
Administrative expense			-
Legal and professional	2,923	-	2,923
	<u>2,923</u>	<u>-</u>	<u>2,923</u>
Major repairs and replacements		12,256	12,256
Total expenses	<u>143,020</u>	<u>12,256</u>	<u>155,276</u>
Excess(deficit) of revenues over(under) expenses	14,207	-	14,207
Beginning fund balances	42,583	-	42,583
Transfer to contract liabilities	(5,000)	-	(5,000)
Ending fund balances	<u>\$ 51,790</u>	<u>\$ -</u>	<u>\$ 51,790</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Legends
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 92,340	\$ 11,132	\$ 103,472
Rebates		3,189	3,189
Total revenues	<u>92,340</u>	<u>14,321</u>	<u>106,661</u>
Expenses			
Utilities			
Electricity and gas	1,074	-	1,074
	<u>1,074</u>	<u>-</u>	<u>1,074</u>
Maintenance			
Landscape and irrigation	84,479	-	84,479
Flowers	2,772	-	2,772
Tree trimming	2,132	-	2,132
	<u>89,383</u>	<u>-</u>	<u>89,383</u>
Major repairs and replacements		14,321	14,321
Total expenses	<u>90,457</u>	<u>14,321</u>	<u>104,778</u>
Excess(deficit) of revenues over(under) expenses	1,883	-	1,883
Beginning fund balances	37,036	-	37,036
Ending fund balances	<u>\$ 38,919</u>	<u>\$ -</u>	<u>\$ 38,919</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Spanish Bay
For the Year Ended December 31, 2020

Revenues	Operating Fund	Replacement Fund	Total
Owners' assessments	\$ 108,300	\$ 8,975	\$ 117,275
Rebates		4,425	4,425
Total revenues	<u>108,300</u>	<u>13,400</u>	<u>121,700</u>
Expenses			
Utilities			
Electricity and gas	1,534	-	1,534
Water and sewer	19,115	-	19,115
	<u>20,649</u>	<u>-</u>	<u>20,649</u>
Maintenance			
Landscape and irrigation	84,510	-	84,510
Flowers	2,042	-	2,042
Tree trimming	1,300	-	1,300
	<u>87,852</u>	<u>-</u>	<u>87,852</u>
Major repairs and replacements		13,400	13,400
Total expenses	<u>108,501</u>	<u>13,400</u>	<u>121,901</u>
Excess(deficit) of revenues over(under) expenses	(201)	-	(201)
Beginning fund balances	40,429	-	40,429
Ending fund balances	<u>\$ 40,228</u>	<u>\$ -</u>	<u>\$ 40,228</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Hermitage
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 226,800	\$ 36,654	\$ 263,454
Rebates		17,699	17,699
Total revenues	<u>226,800</u>	<u>54,353</u>	<u>281,153</u>
Expenses			
Utilities			
Electricity and gas	7,302	-	7,302
Water and sewer	31,777	-	31,777
	<u>39,079</u>	<u>-</u>	<u>39,079</u>
Maintenance			
Landscape and irrigation	180,960	-	180,960
Flowers	2,529	-	2,529
Tree trimming	2,210	-	2,210
	<u>185,699</u>	<u>-</u>	<u>185,699</u>
Major repairs and replacements		54,353	54,353
Total expenses	<u>224,778</u>	<u>54,353</u>	<u>279,131</u>
Excess(deficit) of revenues over(under) expenses	2,022	-	2,022
Beginning fund balances	<u>33,559</u>	<u>-</u>	<u>33,559</u>
Ending fund balances	<u>\$ 35,581</u>	<u>\$ -</u>	<u>\$ 35,581</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Tiburon
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 45,540	\$ 7,475	\$ 53,015
Rebates		2,126	2,126
Total revenues	<u>45,540</u>	<u>9,601</u>	<u>55,141</u>
Expenses			
Utilities			
Electricity and gas	172	-	172
Water and sewer	6,604	-	6,604
	<u>6,776</u>	<u>-</u>	<u>6,776</u>
Maintenance			
Landscape and irrigation	32,604	-	32,604
Flowers	3,465	-	3,465
Tree trimming	390	-	390
	<u>36,459</u>	<u>-</u>	<u>36,459</u>
Major repairs and replacements		9,601	9,601
Total expenses	<u>43,235</u>	<u>9,601</u>	<u>52,836</u>
Excess(deficit) of revenues over(under) expenses	2,305	-	2,305
Beginning fund balances	16,279	-	16,279
Ending fund balances	<u>\$ 18,584</u>	<u>\$ -</u>	<u>\$ 18,584</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Norman Estates
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 128,964	\$ 23,630	\$ 152,594
Rebates		3,189	3,189
Total revenues	<u>128,964</u>	<u>26,819</u>	<u>155,783</u>
Expenses			
Utilities			
Electricity and gas	2,612	-	2,612
Water and sewer	17,562	-	17,562
	<u>20,174</u>	<u>-</u>	<u>20,174</u>
Maintenance			
Landscape and irrigation	98,136	-	98,136
Flowers	2,820	-	2,820
Tree trimming	2,132	-	2,132
Street sweeping	3,010	-	3,010
	<u>106,098</u>	<u>-</u>	<u>106,098</u>
Major repairs and replacements		26,819	26,819
Total expenses	<u>126,272</u>	<u>26,819</u>	<u>153,091</u>
Excess(deficit) of revenues over(under) expenses	2,692	-	2,692
Beginning fund balances	25,909	-	25,909
Ending fund balances	<u>\$ 28,601</u>	<u>\$ -</u>	<u>\$ 28,601</u>

**PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Summit
For the Year Ended December 31, 2020**

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 127,320	\$ 14,436	\$ 141,756
Rebates		5,488	5,488
Total revenues	<u>127,320</u>	<u>19,924</u>	<u>147,244</u>
Expenses			
Utilities			
Electricity and gas	2,842	-	2,842
Water and sewer	23,626	-	23,626
	<u>26,468</u>	<u>-</u>	<u>26,468</u>
Maintenance			
Landscape and irrigation	87,840	-	87,840
Flowers	2,918	-	2,918
Tree trimming	4,186	-	4,186
	<u>94,944</u>	<u>-</u>	<u>94,944</u>
Major repairs and replacements		19,924	19,924
Total expenses	<u>121,412</u>	<u>19,924</u>	<u>141,336</u>
Excess(deficit) of revenues over(under) expenses	5,908	-	5,908
Beginning fund balances	31,313	-	31,313
Transfer to contract liabilities	(2,160)	-	(2,160)
Ending fund balances	<u>\$ 35,061</u>	<u>\$ -</u>	<u>\$ 35,061</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Toll Brothers
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 316,908	\$ 72,279	\$ 389,187
Rebates		20,197	20,197
Total revenues	<u>316,908</u>	<u>92,476</u>	<u>409,384</u>
Expenses			
Utilities			
Electricity and gas	1,003	-	1,003
Water and sewer	41,262	-	41,262
	<u>42,265</u>	<u>-</u>	<u>42,265</u>
Maintenance			
Landscape and irrigation	255,600	-	255,600
Flowers	3,453	-	3,453
Tree trimming	10,738	-	10,738
	<u>269,791</u>	<u>-</u>	<u>269,791</u>
Major repairs and replacements		92,476	92,476
Total expenses	<u>312,056</u>	<u>92,476</u>	<u>404,532</u>
Excess(deficit) of revenues over(under) expenses	4,852	-	4,852
Beginning fund balances	40,357	-	40,357
Ending fund balances	<u>\$ 45,209</u>	<u>\$ -</u>	<u>\$ 45,209</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Turnberry
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 87,207	\$ 6,798	\$ 94,005
Rebates		1,475	1,475
Master association dues	-	-	-
Total revenues	<u>87,207</u>	<u>8,273</u>	<u>95,480</u>
Expenses			
Utilities			
Electricity and gas	510	-	510
Water and sewer	15,005	-	15,005
	<u>15,515</u>	<u>-</u>	<u>15,515</u>
Maintenance			
Landscape and irrigation	63,593	-	63,593
Flowers	1,896	-	1,896
Tree trimming	988	-	988
	<u>66,477</u>	<u>-</u>	<u>66,477</u>
Major repairs and replacements		8,273	8,273
Total expenses	<u>81,992</u>	<u>8,273</u>	<u>90,265</u>
Excess(deficit) of revenues over(under) expenses	5,215	-	5,215
Beginning fund balances	31,262	-	31,262
Transfer to contract liabilities	(4,000)	-	(4,000)
Ending fund balances	<u>\$ 32,477</u>	<u>\$ -</u>	<u>\$ 32,477</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – La Cala
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 78,720	\$ 18,865	\$ 97,585
Rebates		11,693	11,693
Total revenues	<u>78,720</u>	<u>30,558</u>	<u>109,278</u>
Expenses			
Utilities			
Electricity and gas	1,370	-	1,370
	<u>1,370</u>	<u>-</u>	<u>1,370</u>
Maintenance			
Landscape and irrigation	73,008	-	73,008
Flowers	1,945	-	1,945
Tree trimming	1,222	-	1,222
	<u>76,175</u>	<u>-</u>	<u>76,175</u>
Major repairs and replacements		30,558	30,558
Total expenses	<u>77,545</u>	<u>30,558</u>	<u>108,103</u>
Excess(deficit) of revenues over(under) expenses	1,175	-	1,175
Beginning fund balances	30,513	-	30,513
Transfer to contract liabilities	(5,000)	-	(5,000)
Ending fund balances	<u>\$ 26,688</u>	<u>\$ -</u>	<u>\$ 26,688</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Pasadera
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 121,308	\$ 15,051	\$ 136,359
Rebates		5,900	5,900
Total revenues	<u>121,308</u>	<u>20,951</u>	<u>142,259</u>
Expenses			
Utilities			
Electricity and gas	595	-	595
Water and sewer	30,240	-	30,240
	<u>30,835</u>	<u>-</u>	<u>30,835</u>
Maintenance			
Landscape and irrigation	85,522	-	85,522
Flowers	3,355	-	3,355
Tree trimming	728	-	728
	<u>89,605</u>	<u>-</u>	<u>89,605</u>
Major repairs and replacements		20,951	20,951
Total expenses	<u>120,440</u>	<u>20,951</u>	<u>141,391</u>
Excess(deficit) of revenues over(under) expenses	868	-	868
Beginning fund balances	45,458	-	45,458
Ending fund balances	<u>\$ 46,326</u>	<u>\$ -</u>	<u>\$ 46,326</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Eagle Bend
For the Year Ended December 31, 2020

Revenues	Operating Fund	Replacement Fund	Total
Owners' assessments	\$ 119,160	\$ 10,393	\$ 129,553
Rebates		5,315	5,315
Total revenues	<u>119,160</u>	<u>15,708</u>	<u>134,868</u>
Expenses			
Utilities			
Electricity and gas	2,165	-	2,165
Water and sewer	20,413	-	20,413
	<u>22,578</u>	<u>-</u>	<u>22,578</u>
Maintenance			
Landscape and irrigation	78,488	-	78,488
Flowers	3,145	-	3,145
Tree trimming	5,408	-	5,408
	<u>87,041</u>	<u>-</u>	<u>87,041</u>
Major repairs and replacements		15,708	15,708
Total expenses	<u>109,619</u>	<u>15,708</u>	<u>125,327</u>
Excess(deficit) of revenues over(under) expenses	9,541	-	9,541
Beginning fund balances	54,652	-	54,652
Ending fund balances	<u>\$ 64,193</u>	<u>\$ -</u>	<u>\$ 64,193</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Muirfield
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 137,712	\$ 20,723	\$ 158,435
Rebates		1,475	1,475
Total revenues	<u>137,712</u>	<u>22,198</u>	<u>159,910</u>
Expenses			
Utilities			
Electricity and gas	1,784	-	1,784
Water and sewer	1,002	-	1,002
	<u>2,786</u>	<u>-</u>	<u>2,786</u>
Maintenance			
Landscape and irrigation	124,440	-	124,440
Flowers	4,133	-	4,133
Tree trimming	3,640	-	3,640
Lighting	955	-	955
	<u>133,168</u>	<u>-</u>	<u>133,168</u>
Major repairs and replacements		22,198	22,198
Total expenses	<u>135,954</u>	<u>22,198</u>	<u>158,152</u>
Excess(deficit) of revenues over(under) expenses	1,758	-	1,758
Beginning fund balances	27,959	-	27,959
Transfer to contract liabilities	(352)	-	(352)
Ending fund balances	<u>\$ 29,365</u>	<u>\$ -</u>	<u>\$ 29,365</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Villas
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 40,068	\$ 1,410	41,478
Total revenues	<u>40,068</u>	<u>1,410</u>	<u>41,478</u>
Expenses			
Utilities			
Electricity and gas	1,074	-	1,074
Water and sewer	2,112	-	2,112
	<u>3,186</u>	<u>-</u>	<u>3,186</u>
Maintenance			
Common area repairs and maintenance	1,978	-	1,978
Landscape and irrigation	15,792	-	15,792
	<u>17,770</u>	<u>-</u>	<u>17,770</u>
Administrative			
Insurance	4,259	-	4,259
	<u>4,259</u>	<u>-</u>	<u>4,259</u>
Major repairs and replacements		1,410	1,410
Total expenses	<u>25,215</u>	<u>1,410</u>	<u>26,625</u>
Excess(deficit) of revenues over(under) expenses	14,853	-	14,853
Beginning fund balances	40,491	-	40,491
Transfer to contract liabilities	(8,000)	-	(8,000)
Ending fund balances	<u>\$ 47,344</u>	<u>\$ -</u>	<u>\$ 47,344</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Haciendas & Estates
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 19,416	\$ 214	19,630
Total revenues	<u>19,416</u>	<u>214</u>	<u>19,630</u>
Expenses			
Utilities			
Electricity and gas	450	-	450
Water and sewer	1,292	-	1,292
	<u>1,742</u>	<u>-</u>	<u>1,742</u>
Maintenance			
Landscape and irrigation	14,492	-	14,492
	<u>14,492</u>	<u>-</u>	<u>14,492</u>
Major repairs and replacements		214	214
Total expenses	<u>16,234</u>	<u>214</u>	<u>16,448</u>
Excess(deficit) of revenues over(under) expenses	3,182	-	3,182
Beginning fund balances	22,670	-	22,670
Transfer to contract liabilities	(8,500)	-	(8,500)
Ending fund balances	<u>\$ 17,352</u>	<u>\$ -</u>	<u>\$ 17,352</u>

PGA WEST FAIRWAYS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES AND
CHANGES IN FUND BALANCES – Monterra
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
Revenues			
Owners' assessments	\$ 62,556	\$ 6,707	69,263
Total revenues	<u>62,556</u>	<u>6,707</u>	<u>69,263</u>
Expenses			
Utilities			
Water and sewer	754	-	754
	<u>754</u>	<u>-</u>	<u>754</u>
Maintenance			
Landscape and irrigation	43,846	-	43,846
Tree trimming	2,626	-	2,626
	<u>46,472</u>	<u>-</u>	<u>46,472</u>
Major repairs and replacements		6,707	6,707
Total expenses	<u>47,226</u>	<u>6,707</u>	<u>53,933</u>
Excess(deficit) of revenues over(under) expenses	15,330	-	15,330
Beginning fund balances	57,165	-	57,165
Ending fund balances	<u>\$ 72,495</u>	<u>\$ -</u>	<u>\$ 72,495</u>

PGA WEST FAIRWAYS ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
For the Year Ended December 31, 2020
(Unaudited)

The Association's Board of Directors, in conjunction with a reserve study expert, conducted a reserve study dated July 28, 2020 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair and replacement.

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

Study Component	Estimated remaining useful lives	Estimated current replacement costs
Base	1-38	\$ 11,047,347
Heritage	0-22	231,004
Master	0-24	127,227
Legends	0-22	371,515
Spanish Bay	0-22	348,414
Hermitage	0-22	108,807
Tiburon	0-21	43,874
Norman Estates	0-22	524,534
Summit	0-22	164,876
Toll Brothers	0-22	136,029
Turnberry	0-22	61,941
La Cala	0-22	302,256
Pasadera	0-22	101,906
Eagle Bend	0-32	124,988
Muirfield	0-22	211,194
Villas	0-25	337,687
Haciendas	0-25	199,301
Monterra	0-25	123,445
		<u>\$ 14,566,345</u>
Other Assumptions:		
Interest rate		<u>1.50%</u>
Inflation rate		<u>2.00%</u>

See the Balance Sheet for replacement fund cash, cash equivalents and investments balances at December 31, 2020.