

CLEARWOOD COMMUNITY ASSOCIATION, INC.

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2024 AND 2023

DNM & Associates, P.S.  
Certified Public Accountants  
Olympia, Washington

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Clearwood Community Association, Inc.  
Yelm, Washington

**Opinion**

We have audited the accompanying financial statements of Clearwood Community Association, Inc., which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows, for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clearwood Community Association, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clearwood Community Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clearwood Community Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clearwood Community Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clearwood Community Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on pages 22 – 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting 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 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.

*DNM + Associates, P.S.*

Olympia, Washington

November 3, 2025

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2024

	Operating Fund	Replacement Reserve Fund	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,841,390	\$ 1,540,172	\$ 3,381,562
Accounts receivable, net of allowance for credit losses	140,492	12,314	152,806
Prepaid expenses	60,880	-	60,880
Inventory for construction	112,773	-	112,773
Due from replacement reserve fund	495,569	-	495,569
	2,651,104	1,552,486	4,203,590
<b>PROPERTY AND EQUIPMENT, NET</b>	8,043,719	-	8,043,719
<b>OTHER ASSETS</b>			
Water system plans and feasibility study, net	121,650	-	121,650
	\$10,816,473	\$ 1,552,486	\$12,368,959
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 46,776	\$ -	\$ 46,776
Payroll taxes payable	10,016	-	10,016
Business tax payable	14,554	-	14,554
Accrued wages and vacation	53,846	-	53,846
Prepaid assessments	127,009	-	127,009
Contract liabilities (assessments received in advance - replacement reserve fund)	-	1,056,917	1,056,917
Due to operating fund	-	495,569	495,569
	252,201	1,552,486	1,804,687
<b>NET ASSETS</b>			
Net assets without donor restrictions	10,564,272	-	10,564,272
	\$10,816,473	\$ 1,552,486	\$12,368,959

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023

	Operating Fund	Replacement Reserve Fund	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,560,843	\$ 1,825,510	\$ 3,386,353
Accounts receivable, net of allowance for credit losses	99,226	7,403	106,629
Prepaid expenses	52,850	-	52,850
Other receivables	4,246	-	4,246
Inventory for construction	137,808	-	137,808
Due from replacement reserve fund	484,317	-	484,317
	2,339,290	1,832,913	4,172,203
<b>Total Current Assets</b>			
PROPERTY AND EQUIPMENT, NET	6,492,184	-	6,492,184
<b>OTHER ASSETS</b>			
Water system plans, net	139,419	-	139,419
	\$ 8,970,893	\$ 1,832,913	\$10,803,806
<b>Total Assets</b>			
<b>LIABILITIES AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 96,643	\$ -	\$ 96,643
Payroll taxes payable	7,909	-	7,909
Business taxes payable	66	-	66
Accrued wages and vacation	37,996	-	37,996
Prepaid assessments	223,800	-	223,800
Contract liabilities (assessments received in advance - replacement reserve fund)	-	1,348,596	1,348,596
Due to operating fund	-	484,317	484,317
	366,414	1,832,913	2,199,327
<b>Total Current Liabilities</b>			
FUND BALANCES	8,604,479	-	8,604,479
	\$ 8,970,893	\$ 1,832,913	\$10,803,806
<b>Total Liabilities and Fund Balances</b>			

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Reserve Fund	Total
Unrestricted Revenues			
Assessments	\$ 1,092,828	\$ 990,478	\$ 2,083,306
Water reserve assessments	-	651,870	651,870
Water consumption charges	490,680	-	490,680
Fees and finance charges	155,934	-	155,934
Impact fees	-	102,000	102,000
Gate card and mailbox income, net of costs	7,051	-	7,051
Miscellaneous income	34,472	-	34,472
Investment income	61,076	-	61,076
Insurance proceeds	5,000	-	5,000
	<u>1,847,041</u>	<u>1,744,348</u>	<u>3,591,389</u>
Assessments received in advance	-	291,679	291,679
	<u>1,847,041</u>	<u>2,036,027</u>	<u>3,883,068</u>
Expenses			
Program services			
Maintenance and grounds	622,275	-	622,275
Water system operations	487,143	-	487,143
Swimming pool operations	151,501	-	151,501
Fish and lakes	11,264	-	11,264
	<u>1,272,183</u>	<u>-</u>	<u>1,272,183</u>
Supporting services			
Management and general	651,092	-	651,092
	<u>1,923,275</u>	<u>-</u>	<u>1,923,275</u>
Excess of Revenues over Expenses	(76,234)	2,036,027	1,959,793
Interfund transfers - capital improvements	2,036,027	(2,036,027)	-
Net Assets Without Donor Restrictions, beginning of year	<u>8,604,479</u>	<u>-</u>	<u>8,604,479</u>
Net Assets Without Donor Restrictions, end of year	<u>\$ 10,564,272</u>	<u>\$ -</u>	<u>\$ 10,564,272</u>

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Replacement Reserve Fund	Total
<b>REVENUES</b>			
Assessments	\$ 1,013,819	\$ 962,389	\$ 1,976,208
Water reserve assessments	-	633,449	633,449
Water consumption charges	199,154	-	199,154
Water service fees	195,248	-	195,248
Fees and finance charges	386,211	-	386,211
Impact fees	-	78,000	78,000
Gate card and mailbox income, net of costs	11,882	-	11,882
Miscellaneous income	28,945	-	28,945
Investment income	30,234	-	-
Insurance proceeds	17,878	-	17,878
Gain on sale of property and equipment	-	8,000	8,000
	<u>1,883,371</u>	<u>1,681,838</u>	<u>3,565,209</u>
Assessments received in advance	-	1,343,299	1,343,299
	<u>1,883,371</u>	<u>3,025,137</u>	<u>4,908,508</u>
<b>Expenses</b>			
Program services			
Maintenance and grounds	527,822	-	527,822
Water system operations	381,391	-	381,391
Swimming pool operations	142,768	-	142,768
Security	39,001	-	39,001
Fish and lakes	39,074	-	39,074
	<u>1,130,056</u>	<u>-</u>	<u>1,130,056</u>
Supporting services			
Management and general	808,125	-	808,125
	<u>1,938,181</u>	<u>-</u>	<u>1,938,181</u>
Excess of Revenues over Expenses	<u>(54,810)</u>	<u>3,025,137</u>	<u>2,970,327</u>
Interfund transfers - capital improvements	<u>3,025,137</u>	<u>(3,025,137)</u>	<u>-</u>
Net Assets Without Donor Restrictions, beginning of year	5,634,152	2,691,895	8,326,047
ASC 606 - retrospective application	-	(2,691,895)	(2,691,895)
	<u>5,634,152</u>	<u>-</u>	<u>5,634,152</u>
Net Assets Without Donor Restrictions, end of year	<u>\$ 8,604,479</u>	<u>\$ -</u>	<u>\$ 8,604,479</u>

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2024

	Program Services				Supporting Services		
	Maintenance and grounds	Water system operations	Swimming pool operations	Fish and lakes	Total Program Services	Management and General	Total Functional Expenses
Salaries and wages	\$ 210,702	\$ 85,170	\$ 49,168	\$ -	\$ 345,040	\$ 219,082	\$ 564,122
Depreciation	224,599	199,886	50,592	11,264	486,341	7,652	493,993
Professional fees	-	32,949	-	-	32,949	94,958	127,907
Business insurance	-	60,522	-	-	60,522	60,522	121,044
Repairs and maintenance	85,104	15,019	3,604	-	103,727	6,543	110,270
Contingency	-	-	-	-	-	68,867	68,867
Utilities	11,796	22,248	25,884	-	59,928	3,154	63,082
Payroll taxes	22,860	14,053	5,688	-	42,601	19,074	61,675
Employee benefits	27,372	10,878	-	-	38,250	11,492	49,742
Supplies	12,592	5,584	11,953	-	30,129	152	30,281
Bad debt expense	-	-	-	-	-	24,510	24,510
Bank charges and late fees	-	-	-	-	-	23,076	23,076
Dues and subscriptions	-	3,847	2,250	-	6,097	15,638	21,735
Business taxes	-	5,459	-	-	5,459	15,577	21,036
Telephone and internet	3,393	-	487	-	3,880	14,238	18,118
Amortization	-	17,769	-	-	17,769	-	17,769
Office supplies	-	4,390	-	-	4,390	12,898	17,288
Fuel and mileage reimbursements	13,645	-	-	-	13,645	-	13,645
Computer support services	-	-	-	-	-	11,083	11,083
Deputy sheriff stipend	-	-	-	-	-	9,110	9,110
Community support	-	-	-	-	-	8,771	8,771
Lease and rent	2,871	-	-	-	2,871	4,888	7,759
Board and community meetings	-	-	-	-	-	6,928	6,928
Security system	6,558	-	-	-	6,558	-	6,558
Miscellaneous	-	-	-	-	-	6,289	6,289
Water management	-	5,164	-	-	5,164	-	5,164
Licenses and fees	783	2,052	1,550	-	4,385	387	4,772
Collection costs	-	-	-	-	-	4,476	4,476
Reserve study	-	1,727	-	-	1,727	1,727	3,454
Training expense	-	426	325	-	751	-	751
	<u>\$ 622,275</u>	<u>\$ 487,143</u>	<u>\$ 151,501</u>	<u>\$ 11,264</u>	<u>\$1,272,183</u>	<u>\$ 651,092</u>	<u>\$ 1,923,275</u>

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services		Total Functional Expenses
	Maintenance and grounds	Water system operations	Swimming pool operations	Security	Fish and lakes	Total Program Services	Management and General	
Salaries and wages	\$ 186,815	\$ 47,468	\$ 49,545	\$ -	\$ -	\$ 283,828	\$ 190,981	\$ 474,809
Depreciation	166,213	155,998	50,592	-	10,679	383,482	8,444	391,926
Bad debt expense	-	-	-	-	-	-	271,953	271,953
Professional fees	-	30,000	-	-	-	30,000	87,837	117,837
Repairs and maintenance	79,905	14,423	27	9,534	16,175	120,064	-	120,064
Business insurance	-	49,999	-	-	-	49,999	49,999	99,998
Contingency	-	-	-	-	-	-	75,029	75,029
Utilities	18,500	13,341	22,017	982	-	54,840	1,618	56,458
Payroll taxes	22,779	6,415	6,067	-	-	35,261	18,044	53,305
Employee benefits	23,016	7,073	384	-	-	30,473	7,168	37,641
Supplies	10,409	8,181	10,185	-	-	28,775	420	29,195
Water management	-	22,342	-	-	-	22,342	-	22,342
Bank charges and late fees	-	-	-	-	-	-	22,193	22,193
Fuel and mileage reimbursements	18,591	-	-	-	-	18,591	-	18,591
Telephone and internet	994	-	487	2,400	-	3,881	13,723	17,604
Office supplies and small equipment	-	6,315	1,399	-	-	7,714	8,432	16,146
Amortization	-	15,937	-	-	-	15,937	-	15,937
Dues and subscriptions	-	1,022	1,305	-	-	2,327	13,447	15,774
Deputy sheriff stipend	-	-	-	13,626	-	13,626	-	13,626
Security system	-	-	-	12,459	-	12,459	-	12,459
Board and community meetings	-	-	-	-	-	-	12,123	12,123
Computer support services	-	-	-	-	-	-	9,637	9,637
Community support	-	-	-	-	9,350	9,350	-	9,350
Lease and rent	-	-	-	-	2,870	2,870	4,952	7,822
Business taxes	-	-	-	-	-	-	4,376	4,376
Miscellaneous	-	-	-	-	-	-	3,867	3,867
Reserve study	-	-	-	-	-	-	3,453	3,453
Licenses and fees	600	2,052	435	-	-	3,087	5	3,092
Training expense	-	825	325	-	-	1,150	424	1,574
	<u>\$ 527,822</u>	<u>\$ 381,391</u>	<u>\$ 142,768</u>	<u>\$ 39,001</u>	<u>\$ 39,074</u>	<u>\$1,130,056</u>	<u>\$ 808,125</u>	<u>\$ 1,938,181</u>

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Reserve Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over expenses	\$ (76,234)	\$ 2,036,027	\$ 1,959,793
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
Depreciation	493,993	-	493,993
Bad debt expense	24,510	-	24,510
Amortization	17,769	-	17,769
(Increase) decrease in:			
Accounts receivable	(65,777)	(4,911)	(70,688)
Prepaid expenses	(8,030)	-	(8,030)
Other receivables	4,246	-	4,246
Increase (decrease) in:			
Accounts payable	(34,332)	-	(34,332)
Payroll taxes payable	2,107	-	2,107
Business tax payable	14,488	-	14,488
Accrued wages and vacation	15,850	-	15,850
Prepaid assessments	(96,791)	-	(96,791)
Contract liabilities (assessments received in advance)	-	(291,679)	(291,679)
Net Cash Provided by Operating Activities	291,799	1,739,437	2,031,236
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment	-	(2,036,027)	(2,036,027)
Cash Used by Investing Activities	-	(2,036,027)	(2,036,027)
Net Increase (Decrease) in Cash and Cash Equivalents	291,799	(296,590)	(4,791)
Interfund transfers	(11,252)	11,252	-
Cash and Cash Equivalents, beginning of year	1,560,843	1,825,510	3,386,353
Cash and Cash Equivalents, end of year	\$ 1,841,390	\$ 1,540,172	\$ 3,381,562

**Supplemental disclosure of noncash investing and financing activities:**

During the year ended December 31, 2024, \$25,035 of inventory purchased for construction was applied to construction projects.

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Replacement Reserve Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over expenses	\$ (54,810)	\$ 3,025,137	\$ 2,970,327
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
Depreciation	391,926	-	391,926
Bad debt expense (recoveries)	302,364	(30,411)	271,953
Amortization	15,937	-	15,937
Gain on refunds due to members	(41,010)	-	(41,010)
Gain on sale of property and equipment	-	(8,000)	(8,000)
(Increase) decrease in:			
Accounts receivable	(286,171)	25,862	(260,309)
Prepaid expenses	(11,813)	-	(11,813)
Other receivables	4,083	-	4,083
Increase (decrease) in:			
Accounts payable	54,541	-	54,541
Payroll taxes payable	(1,731)	-	(1,731)
Business tax payable	(204)	-	(204)
Accrued wages and vacation	(2,759)	-	(2,759)
Prepaid assessments	83,808	-	83,808
Contract liabilities (assessments received in advance)	-	(1,343,299)	(1,343,299)
Net Cash Provided by Operating Activities	<u>454,161</u>	<u>1,669,289</u>	<u>2,123,450</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property and equipment	-	8,000	8,000
Purchases of property and equipment	-	(2,867,328)	(2,867,328)
Purchases of inventory for construction	-	(137,808)	(137,808)
Payments for feasibility study	-	(20,000)	(20,000)
Net Cash Used by Investing Activities	<u>-</u>	<u>(3,017,136)</u>	<u>(3,017,136)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	454,161	(1,347,847)	(893,686)
Interfund transfers	<u>(108,466)</u>	<u>108,466</u>	<u>-</u>
Cash and Cash Equivalents, beginning of year	<u>1,215,148</u>	<u>3,064,891</u>	<u>4,280,039</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,560,843</u>	<u>\$ 1,825,510</u>	<u>\$ 3,386,353</u>

*See accompanying notes and independent auditor's report.*

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 1 NATURE OF THE ASSOCIATION**

Clearwood Community Association, Inc. (the Association) was incorporated as a not-for-profit organization under the laws of the state of Washington in 1974. The Association consists of 1,355 member lots situated on 900 forested acres southeast of Yelm, Washington. The Association is responsible for the construction, improvement, operation, and maintenance of the common areas of Clearwood Community Association Inc. Common areas include all roads and public parking areas within the Association's boundaries, a community water system, three lakes and beaches, a community swimming pool, community walking trails, boat ramps and docks, parks and recreational facilities, an office building, and other miscellaneous structures.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Association's accounts are maintained, and financial statements prepared, using the accrual basis of accounting. This basis recognizes revenues when earned and expenses when incurred.

Basis of Presentation

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

This fund is used to account for financial resources available for the general operations of the Association. The Association's annual general operations assessment billed to each member lot was \$764.16 and \$749.40 during the years ended December 31, 2024 and 2023, respectively.

Replacement Reserve Fund

This fund is used to accumulate financial resources restricted to the financing of future major repairs and replacement costs and future community asset additions. The sources of funds are general and future reserve assessments, water reserve assessments, and impact fees.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Replacement Reserve Fund (Continued)

The replacement reserve fund consists of three individual funds as follows:

- (1) Water System Reserves - The Association established the water reserve fund to accumulate resources necessary to meet the future major repair and replacement needs of the water system. During the years ended December 31, 2024 and 2023, the Association's annual water system reserve assessment billed to each member lot was \$481.44 and \$467.52, respectively. Allowable uses include any approved major repair or replacement project directly related to the water system.
- (2) Future Reserves - The future reserve fund was established to accumulate resources necessary to fund new asset acquisitions and unforeseen emergencies. The Association's annual future reserve assessment billed to each member lot was \$16.32 and \$15.96 during the years ended December 31, 2024 and 2023, respectively.
- (3) General Reserves - The Association established a general reserve fund to accumulate resources necessary to meet the Association's future major repair and replacement needs not funded through one of the other reserve funds. The Association's annual general reserve assessment billed to each member lot was \$715.20 and \$694.32 during the years ended December 31, 2024 and 2023, respectively. Allowable uses include any approved major repair or replacement project not funded by other reserves.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with original maturities of three months or less. The Association also considers all certificates of deposit, regardless of maturity, as a cash equivalent because such funds are available for use, subject to early withdrawal penalties which are not considered material to the financial statements.

Net Assets

The Association reports information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions – Net assets that are not subject to or no longer subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Association had no donor restricted net assets at December 31, 2024 and 2023.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assessments and Other Revenue Recognition

Association members are subject to regular, reserve, and water system assessments. The annual budget and members assessments are determined by the Board of Directors. Assessment revenue is recognized as the related performance obligations are satisfied and transaction amounts are expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a continuous basis, and revenue is recognized in the same year that assessments are billed. The performance obligations related to the replacement reserve fund assessments are satisfied when those funds are expended for their designated purpose.

Assessed penalties and fines are recognized in the period when members are billed according to the Association's fees and fines policy. The Association also receives revenue from water provided to homeowners and sales of goods and services. Revenue is recognized in the period in which the services are provided.

Interest Income

Interest income is recognized when earned and is allocated to the operating fund.

Accounts Receivable

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Members are subject to water consumption billings based on quarterly usage. The Association also charges interest and late fees on outstanding balances on a monthly basis and various fees according to its By-laws. Accounts receivable at the balance sheet date represent amounts due from members less an allowance for credit losses estimated by management. Any excess assessments at year-end are retained by the Association for use in the succeeding year. The Association implements various policies to mitigate risk of loss from uncollectible accounts. Member receivables may be secured by a lien on the applicable member lot and attached real property. The Association may also terminate the member's access to the community assets and their applicable lot, by turning off the member's gate card. Additionally, the Association may shut off the member's water, and in extreme cases, initiate foreclosure proceedings on the applicable lot.

The Association evaluates its accounts receivable and establishes an allowance for credit losses based on a history of past write-offs, the current economic conditions within the Association's service area, as well as a review of all member accounts 90 days or more past due. The evaluation of individual accounts includes consideration of recent payment history, current disputes, and other pertinent information known by management. Management estimated the allowance for credit losses to be \$482,871 and \$458,361 at December 31, 2024 and 2023, respectively.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable (Continued)

During the year ended December 31, 2023, one member of the Association was billed substantial fines in accordance with the Association's fees and fines policy. The fines remained unpaid as of December 31, 2024. Accounts receivable and related allowance balances for this member at December 31, 2024 and 2023, totaled 60% and 67% of total accounts receivable, respectively.

The Association may write-off a member's receivable balance when the receivable balance is deemed uncollectible. If payment is received from a debt that was previously written off, the payment is recognized as revenue in the period it is received.

Property and Equipment

Property and equipment are carried at cost. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the difference, less any amount realized from disposition, is reflected in earnings. Maintenance and repairs are charged to operating expenses. Costs of significant improvements and renewals are capitalized. For financial statement purposes, depreciation is provided using the straight-line method over the estimated useful lives of the assets. For federal income tax purposes, depreciation is provided using methods and lives prescribed by applicable tax laws. The Association incurred depreciation expense of \$493,993 and \$391,926 for the years ended December 31, 2024 and 2023, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Contract Liabilities (Assessments Received in Advance - Replacement Reserve Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance - replacement reserve fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. During the years ended December 31, 2024 and 2023, the Association assessed \$1,744,348 and \$1,673,838, respectively, for the replacement reserve fund. The balances of contract liabilities (assessments received in advance - replacement reserve fund) as of December 31, 2024 and 2023 were the \$1,056,917 and \$1,348,596, respectively.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include management's estimate of the collectability of accounts receivable, and the methods and lives used to depreciate fixed assets.

Federal Income Taxes

The Association is an exempt corporation under the provisions of Section 501(c)(4) of the Internal Revenue Code of 1954. The Association's application for recognition of exemption was approved effective August 14, 2023. The Association follows Financial Accounting Standards Board (FASB) ASC Section 740, which clarifies the accounting for uncertainty in income taxes. Management has evaluated the Association's tax positions and has concluded that the Association has taken no uncertain tax positions that require adjustments to the financial statements, or that call into question the Association's tax status.

Functional expense allocation

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Association. Those expenses include depreciation, management expenses, and multiple services used to support programs, management, and fundraising functions. Depreciation is allocated based on square footage, management wages are allocated based on estimates of time and effort, and other costs are allocated based on estimates of usage by program or supporting services.

State and Local Taxes

The Association is subject to state and local property taxes on real property. Although the Association's revenue is generally not subject to sales and use taxes, the revenues derived from the water system are subject to a state utility tax.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Lease Policies

Accounting Standards Update (ASU) 2016-02, *Leases*, requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Association expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Association is not expected to consume a major part of the economic benefits of assets classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the income statement, the categorization of assets and liabilities in the balance sheet, and classification of cash flows in the statement of cash flows.

Total lease cost consists of two components - amortization expense related to the write-off of right of use assets, and interest expense from lease obligations. Lease obligations are measured and recorded at the present value of future lease payments using a discount rate.

The lease standard has not been applied to leases for a postage machine and a copier, as application of the standard would be insignificant to the financial presentation.

ASC 606 Accounting Guidance Implementation

Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606), requires the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which a Common Interest Realty Association expects to be entitled in exchange for those goods or services.

During the year ended December 31, 2023, according to interpretation guidelines of Topic 606, management made changes to the Association's accounting policies related to assessment revenue and contract liabilities (assessments received in advance - replacement reserve fund), as previously described. As a result of the changes, the replacement reserve fund balance of \$2,691,895 at December 31, 2022, was retroactively applied to contract liabilities (assessments received in advance - replacement reserve fund).

Subsequent Events

Management of the Association has evaluated subsequent events through November 3, 2025, the date on which the financial statements were available to be issued.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

At December 31, 2024, the Association had \$1,981,882 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of operating fund cash and equivalents of \$1,841,390 and receivable accounts of \$140,492.

None of these financial assets were subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of assets, liability, and net assets date. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents balances at December 31, 2024 and 2023 were as follows:

	<b>2024</b>		
	Operating Fund	Replacement Reserve Fund	Total
Checking accounts	\$ 350,221	\$ 237,532	\$ 587,753
Money market and savings accounts	1,475,226	773,893	2,249,119
Certificates of deposit	-	528,747	528,747
Undeposited checks and petty cash	15,943	-	15,943
	<b>\$ 1,841,390</b>	<b>\$ 1,540,172</b>	<b>\$ 3,381,562</b>
	<b>2023</b>		
	Operating Fund	Replacement Reserve Fund	Total
Checking accounts	\$ 363,172	\$ -	\$ 363,172
Money market and savings accounts	1,186,220	812,950	1,999,170
Certificates of deposit	-	1,012,560	1,012,560
Undeposited checks and petty cash	11,451	-	11,451
	<b>\$ 1,560,843</b>	<b>\$ 1,825,510</b>	<b>\$ 3,386,353</b>

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2024 and 2023, consisted of the following:

	<b>2024</b>	<b>2023</b>
Water system	\$ 6,538,535	\$ 5,550,742
Grounds	1,612,516	1,598,671
Roads	3,318,604	2,130,211
Swimming pool	920,796	920,796
Maintenance equipment	972,448	972,448
Docks, bridges, and similar amenities	450,547	450,547
Buildings and improvements	259,843	259,843
Fire protection equipment	138,253	138,253
Office furniture and equipment	133,926	129,391
Lots	6,191	6,191
	14,351,659	12,157,093
Less accumulated depreciation	(6,373,614)	(5,879,621)
	7,978,045	6,277,472
Land	22,000	22,000
Construction in progress	43,674	192,712
	<b>\$ 8,043,719</b>	<b>\$ 6,492,184</b>

Construction in progress at December 31, 2024 and 2023, was primarily composed of the replacement of water lines and roads.

**NOTE 6 CONCENTRATIONS OF RISK**

The Association maintains its cash in bank checking and money market accounts which, at times, may exceed federally insured limits. Management does not believe that the Association is exposed to any significant credit risk on cash.

Since all revenues are from individuals located within the same geographic area, the future collectability of dues and assessments could be affected by conditions impacting the local economy or financial viability of members. The Association had net accounts receivable equal to 1% of total assets at December 31, 2024 and 2023.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 7 COMMITMENTS**

The Association has entered into a lease agreement for a postage machine. The lease expires in February 2025 and requires quarterly payments of \$318, not including taxes. The Association has also entered into a five-year lease agreement for photocopy equipment. The lease expires in October 2028 and requires monthly payments of \$234. Equipment lease expense for the postage machine and copier totaled \$4,888 and \$4,952 for the years ended December 31, 2024 and 2023, respectively.

Future minimum lease payments under these leases at December 31, 2024, were as follows:

Years Ending December 31,	
2025	\$ 3,026
2026	2,814
2027	2,814
2028	2,345
	<u>          </u>
	<u><u>\$ 10,999</u></u>

**NOTE 8 FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds of \$1,056,917 and \$1,348,596 at December 31, 2024 and 2023, respectively, are presented on the statements of financial position as contract liabilities (assessments received in advance - replacement reserve fund). Cash and cash equivalent balances for those reserves are held in separate accounts and are generally not available for operating purposes.

An independent engineering firm conducted studies in July 2023 to estimate the remaining useful lives and the replacement costs of the components of common property and water system. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the studies.

Management of the Association uses the results of the annual independent studies performed to determine the adequacy of the accumulated reserve for future repairs and replacements. If additional funds are needed, the Board of Directors of the Association has the right, subject to limitations of its authority as described in the Association's governing documents, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

The supplemental information shown on pages 22 through 28 is based on the reserve studies conducted in July 2023 and presents significant information about the components of common property and water system.

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**NOTE 9 OWNERS' ASSESSMENTS**

The annual budget and members' assessments are determined by the Board of Directors. The Association retains excess operating funds, if any, at the end of the operating year for use in future operating periods.

## Supplementary Information

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
DECEMBER 31, 2024

CEDCORE, LLC, an independent engineering firm, conducted studies in July 2023 to estimate the remaining useful lives and the replacement costs of the components of common property and water system. Current cost estimates for reserve components are derived from a variety of sources but typically are based on cost data sourced from various construction pricing and scheduling manuals, vendor catalogues, actual quotations or historical costs, and an engineering firm’s experience in the field of reserve study preparation.

The following tables are based on the reserve studies and presents significant information about the components of common property and water system.

Table 1 – Water system

Component Description	Useful Life	Remaining Useful Life	Current Replacement Cost
Caustic Systems: Repair/Replace	30	0	\$ 28,200
Cla-Val Valves: Repair/Replace	<i>Unfunded as directed by Association</i>		
Fence, Reservoir: Replace	40	14	15,800
Fence, Well Site: Replace	40	14	22,700
Generator & Controls, Well #1 & 2: Replace	50	40	52,600
Generator, Well #4: Replace	50	22	57,600
Hydrant - Near Maintenance Bldg	30	19	6,620
Leak Detection	4	2	15,800
Maintenance Eqpt, Truck, Toyota Tacoma, 2008	10	1	26,900
Project 10A: Design - Service Lines, Meter and Roadway Replacement	40	5	43,700
Project 10B: Construction - Service Lines, Meter and Roadway Replacement	40	6	218,000
Project 11A: Design - Service Lines, Meter and Roadway Replacement	40	5	76,400
Project 11B: Construction - Service Lines, Meter and Roadway Replacement	40	6	382,000
Project 12A: Design - Service Lines, Meter and Roadway Replacement	40	6	49,400
Project 12B: Construction - Service Lines, Meter and Roadway Replacement	40	7	247,000
Project 1A: Design - Service Lines, Meter, Culvert and Roadway Replacement	40	39	53,000
Project 1B: Construction - Service Lines, Meter, Culvert and Roadway Replacement	40	39	349,000
Project 2A: Design - Service Lines, Meter, Culvert and Roadway Replacement	40	39	91,800
Project 2B: Construction - Service Lines, Meter, Culvert and Roadway Replacement	40	0	790,115
Project 3A: Design - Service Lines, Meter and Roadway Replacement	40	5	24,800
Project 3B: Construction - Service Lines, Meter and Roadway Replacement	40	6	124,000
Project 4A: Design - Service Lines, Meter and Roadway Replacement	40	0	62,600
Project 4B: Construction - Service Lines, Meter and Roadway Replacement	40	1	313,000
Project 5A: Design - Service Lines, Meter and Roadway Replacement	40	1	35,300
Project 5B: Construction - Service Lines, Meter and Roadway Replacement	40	2	176,000

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
DECEMBER 31, 2024

Table 1 – Water system (continued)

Component Description	Useful Life	Remaining Useful Life	Current Replacement Cost
Project 6A: Design - Service Lines, Meter and Roadway Replacement	40	1	94,300
Project 6B: Construction - Service Lines, Meter and Roadway Replacement	40	2	471,000
Project 7A: Design - Service Lines, Meter, Culvert and Roadway Replacement	40	2	45,400
Project 7B: Construction - Service Lines, Meter, Culvert and Roadway Replacement	40	3	227,000
Project 8A: Design - Service Lines, Meter and Roadway Replacement	40	3	118,000
Project 8B: Construction - Service Lines, Meter and Roadway Replacement	40	4	590,000
Project 9A: Design - Service Lines, Meter and Roadway Replacement	40	4	56,700
Project 9B: Construction - Service Lines, Meter and Roadway Replacement	40	5	284,000
Reservoir #2 Ladder - Repaint	10	14	13,700
Reservoir Cathodic Protection 1	20	9	18,400
Reservoir Cathodic Protection 2	20	0	25,000
Roads - 10 year Engineering Plan - 50%	10	7	38,200
Sanitary Survey	5	0	7,280
Security, All Wells: Internet Firewall	10	9	3,892
Source Flow Meters - Replace	20	19	8,800
Storage Reservoirs - Dive Inspection	10	0	8,500
Storage Tank #1 - Coat Exterior	49	37	33,800
Storage Tank #1 - Coat Interior	49	37	132,000
Storage Tank #1 - Replace	80	27	816,000
Storage Tank #2 - Coat Exterior	49	37	81,600
Storage Tank #2 - Coat Interior	49	11	314,000
Storage Tank #2 - Replace	80	53	1,060,000
Telemetry System: Replace	30	29	23,900
Trailer, Water: Replace	10	1	7,280
WA DOH: Air Line Safety	10	9	25,222
Water Hammer Surge Tanks	50	49	16,300
Water System Plan - Update	6	2	39,700
Well # 1 - Replace	80	77	531,000
Well # 1 & 2, Control Systems: Replace	25	24	42,000
Well # 1, & #2 House, Electrical		23	5,500
Well # 1, 2, House	40	1	29,600
Well # 1, Pump / Motor - Replace	10	9	14,500
Well # 2 - Replace	80	77	177,000
Well # 2, Pump / Motor - Replace	10	9	20,700
Well # 4 - Replace / Future Decommission			<i>Unfunded as directed by Association</i>
Well # 4, Control Systems: Replace			<i>Unfunded as directed by Association</i>
Well # 4, House			<i>Unfunded as directed by Association</i>
Well # 4, Pump / Motor - Replace			<i>Unfunded as directed by Association</i>
Well # 5 - Install Final Cost	50	49	1,375,860
Well # 5 & #6, House	40	38	201,000
Well #5: ATEC Filtration Equipment	7	5	164,400
Well #5: Degasser Unit	7	5	63,300
Well #5: Gravel Driveway	10	8	3,500
Well #5: Mazzei Injector & Reactor	7	5	19,200
Well #5: Pump House Building, Electrical & Generator	15	13	183,600
Well #5: Pump House, Manifold Plumbing Parts	7	5	42,300
Well #5: Security Fence	15	13	28,400

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
DECEMBER 31, 2024

Table 2 – General Reserves

Component Description	Useful Life	Remaining Useful Life	Current Replacement Cost
Asphalt Roads Project 10A: Design	30	5	\$79,200
Asphalt Roads Project 10B: Construction	30	6	393,000
Asphalt Roads Project 11A: Design	30	5	101,000
Asphalt Roads Project 11B: Construction	30	6	505,000
Asphalt Roads Project 12A: Design	30	6	77,700
Asphalt Roads Project 12B: Construction	30	7	387,000
Asphalt Roads Project 1A: Design	40	38	90,600
Asphalt Roads Project 1B: Construction	30	29	945,000
Asphalt Roads Project 2A: Design	30	29	150,000
Asphalt Roads Project 2B: Construction	30	0	1,185,172
Asphalt Roads Project 3A: Design	30	5	4,925
Asphalt Roads Project 3B: Construction	30	6	24,425
Asphalt Roads Project 4A: Design	30	0	114,000
Asphalt Roads Project 4B: Construction	30	1	568,000
Asphalt Roads Project 5A: Design	30	1	80,200
Asphalt Roads Project 5B: Construction	30	2	401,000
Asphalt Roads Project 6A: Design	30	1	131,000
Asphalt Roads Project 6B: Construction	30	2	656,000
Asphalt Roads Project 7A: Design	30	2	102,000
Asphalt Roads Project 7B: Construction	30	3	506,000
Asphalt Roads Project 8A: Design	30	3	128,000
Asphalt Roads Project 8B: Construction	30	4	638,000
Asphalt Roads Project 9A: Design	30	4	80,900
Asphalt Roads Project 9B: Construction	30	5	402,000
Asphalt Roads: Repairs/Patching	1	1	24,200
Ballfield, Division 7: Upgrade	10	4	11,000
Baseball Backstop: Harrington Park		4	40,000
Baseball Backstop: Longmire		4	40,000
Basketball Court & Equipment, Longmire: Replace	40	17	17,500
Basketball Court & Equipment, Longmire: Reseal	8	2	9,380
Basketball Court, Hi Lo: Replace	40	2	97,000
Basketball Court, Hi Lo: Reseal	8	7	9,380
Bathroom & Change Room: Refurbish, Longmire	20	7	79,200
Bathroom & Change Room: Refurbish, Madrona	20	7	19,800
Bathroom: Refurbish, Blue Water	20	12	9,900
Bathroom: Refurbish, Division 7 (AKA Harrington Park)	20	1	9,900
Bathroom: Refurbish, Hi-Lo	20	3	9,900
Bathroom: Refurbish, Loop	20	8	5,500
Bathroom: Refurbish, Otter Beach	20	5	19,800
Bathroom: Refurbish, Perimeter	20	2	9,900
Bathroom: Refurbish, Pool	20	19	83,000
Bathroom: Refurbish, Rampart	20	3	9,900
Bathroom: Refurbish, Reichel	20	10	79,200
Bathroom: Refurbish, Sports Court	20	1	9,900

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
DECEMBER 31, 2024

Table 2 – General Reserves (continued)

Component Description	Useful Life	Remaining Useful Life	Current Replacement Cost
Bathroom: Refurbish, Sunset	20	1	19,800
Bathroom: Refurbish, Windy	20	1	9,900
Bathroom: Refurbish, Woodside	20	3	9,900
Bathroom: Stainless Steel Toilet/ Sink/ Urinal- Madrona, HiLo, Longmire, Reichel	30	29	26,200
Beach Bulkhead, Concrete, Windy	17	12	28,200
Beach Bulkhead, Longmire	15	10	22,300
Beach Bulkhead, Otter	15	10	23,400
Beach Bulkhead, Reichel	15	12	29,600
Beach Nourishment, Sunset	15	13	4,000
Beach, Longmire: Water Slide	20	17	13,800
Beach, Sunset: Water Slide	20	17	13,750
Benches & Picnic Tables: Replace	1	1	10,000
Boat Ramp - Madrona Beach	30	11	10,500
Boat Ramp, Blue Lake Ct: Repair	30	11	10,500
Boat Ramp, Concrete, Horseshoe; Repair	30	11	10,500
Boat Ramp, Longmire: Repair	30	11	10,500
Boat Ramp, Otter Beach: Repair	30	11	10,500
Boat Ramp, Sunset Beach: Repair	30	11	10,500
Bridge, Arch: Repair/Replace	10	1	14,700
Bridge, Bear Island: Repair/Replace	10	1	6,290
Bridge, Blue Lake, Inlet: Repair/Replace	10	9	8,000
Bridge, Blue Lake, Lower Spillway: Repair/Replace	10	2	8,090
Bridge, Blue Lake, Upper Spillway: Repair/Replace	10	9	30,000
Bridge, Brookside: Repair/Replace	10	8	10,500
Bridge, Longmire: Repair/Replace	10	6	36,400
Bridge, Rampart: Repair/Replace	10	1	22,400
Bridge, Reichel: Repair/Replace	10	1	10,100
Bridges, Engineer Evaluation	12	10	31,500
Burglar Alarm, Maintenance Building: Replace	10	8	3,000
Burglar Alarm, Office: Replace	10	8	3,000
Burglar Alarm, Pool: Replace	10	8	3,000
Cabana Siding: Repaint	8	1	7,500
Cabana, Harrington Park (Well 4)	25	7	27,800
Cabana, Hi Lo	25	1	26,600
Cabana, Longmire	25	1	27,800
Cabana, Madrona	25	14	19,900
Cabana, Otter Beach	25	10	20,000
Cabana, Pool	25	1	26,500
Cabana, Reichel	25	12	30,400
Cabana, Siding: Replace	40	33	44,100
Cabana, Sunset	25	1	26,500
Cabana, Vine Lane	25	1	27,800
Cabana, Windy	25	1	27,800
Computer & Software: Update	5	4	22,200
Culvert - Clearlake Blvd N at Meadow	50	28	11,000

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
DECEMBER 31, 2024

Table 2 – General Reserves (continued)

Component Description	Useful Life	Remaining Useful Life	Current Replacement Cost
Culvert, Clearlake Blvd SE at Longmire: Repair/Replace	50	28	11,000
Culverts, Blue Hills Drive East: Replace	50	28	8,500
Deck, Wood, Office: Replace	20	19	22,700
Dock Surface, Blue Lake Fishing, 1 of 3	30	29	10,000
Dock Surface, Blue Lake Fishing, 2 of 3	30	29	10,000
Dock Surface, Blue Lake Fishing, 3 of 3	30	29	10,000
Dock Surface, Clear Lake	30	21	26,900
Dock Surface, Horseshoe, A, Right	30	1	18,300
Dock Surface, Horseshoe, B, Left	30	10	25,600
Dock Surface, Horseshoe, C, Rear	30	19	28,800
Dock Surface, Longmire, Fish & Swim	30	10	45,600
Dock Surface, Madrona, Fish & Swim	30	11	32,600
Dock Surface, Otter, Swim	30	25	10,800
Dock Surface, Reichel, Swim	30	10	10,400
Dock Surface, Sunset, Fish & Swim	30	12	33,600
Dock Surface, Windy, Fish & Swim	30	16	46,600
Dock, Otter Beach B, Wooden: Replace	20	10	24,400
Dock, Otter Beach C, Wooden: Replace	20	10	24,400
Entry Sign: Replacement	20	1	1,580
Fence, Office	20	17	18,900
Fence: Chainlink, Repair	1	2	3,940
Gate Card Readers: Replace	15	10	30,600
Gate Operators: Replace	10	4	17,600
Gates: Replace	50	10	20,700
Horseshoe Pit, Longmire, Building: Replace/Repair	25	8	20,700
Horseshoe Pit, Longmire, Pit: Repair/Replace	25	8	3,860
Horseshoe Pit, Longmire, Roof: Replace	25	3	3,860
Horseshoe Trail: Major Maintenance	10	9	15,000
Hot Water Heater, Pool: Replace	15	6	7,060
Interior, Office: Refurbish	12	6	7,280
Irrigation System, Reichel Beach: Repair/Replace	50	1	10,300
Irrigation System: Repair/Replace	20	11	63,000
Labor for In-House Reserve Projects		1	130,696
Lights: Pole, Replace	2	1	8,400
Mailbox Cluster: Replace, Big Fir	30	10	39,900
Mailbox Cluster: Replace, Blue Hills Loop	30	10	29,400
Mailbox Cluster: Replace, Blue Lake Court	30	10	27,300
Mailbox Cluster: Replace, Front Gate	30	3	24,200
Mailbox Cluster: Replace, Longmire	30	3	26,400
Mailbox Cluster: Replace, Windy Beach	30	10	39,900
Maintenance Bldg Garage Doors, Large: Replace	20	10	14,000
Maintenance Bldg Siding: Repaint	10	6	10,300
Maintenance Bldg, Carport: Structural Repairs	38	27	114,000
Maintenance Bldg, Fence, Chain Link: Replace	50	18	10,500
Maintenance Bldg, Pole Bldg	50	27	55,000

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
DECEMBER 31, 2024

Table 2 – General Reserves (continued)

Component Description	Useful Life	Remaining Useful Life	Current Replacement Cost
Maintenance Bldg, Roof: Replace	20	18	34,000
Maintenance Bldg, Shop Heaters: Replace	25	2	10,600
Maintenance Bldg: Replace	<i>Unfunded, outside the 30 year scope of report</i>		
Maintenance Eqpt, Back Hoe: Replace	21	1	105,000
Maintenance Eqpt, Bobcat Excavator: Replace	19	5	58,500
Maintenance Eqpt, Brine Machine	20	10	3,260
Maintenance Eqpt, Brine Sprayer	20	2	3,420
Maintenance Eqpt, Chipper	20	10	5,250
Maintenance Eqpt, Dump Trailer	10	10	10,300
Maintenance Eqpt, Floating Workstation, Boat: Replace	20	16	5,880
Maintenance Eqpt, Floating Workstation, Motor: Replace	20	18	4,960
Maintenance Eqpt, Fuel Tank & Pumps: Replace	40	10	32,700
Maintenance Eqpt, John Deere Mower: Replace	12	6	4,080
Maintenance Eqpt, Kubota RTV 1100	20	16	29,300
Maintenance Eqpt, Kubota RTV, 900, old	20	2	27,100
Maintenance Eqpt, Kubota Tractor: Replace	20	1	32,200
Maintenance Eqpt, Kubota, RTV 1100	10	2	28,200
Maintenance Eqpt, Paint Striper, Graco HD 200C	10	4	7,670
Maintenance Eqpt, Plow, new, F350	15	1	8,500
Maintenance Eqpt, Plow, old, F450	15	14	8,500
Maintenance Eqpt, Sander, newer, F350	14	1	9,870
Maintenance Eqpt, Sander, old, F450	12	11	10,400
Maintenance Eqpt, Street Sweeper, Elgin	24	9	220,000
Maintenance Eqpt, Trailer, Flatbed for Excavator	10	3	6,620
Maintenance Eqpt, Truck, F150, 2008	14	1	50,000
Maintenance Eqpt, Truck, F350, 2010	14	1	55,300
Maintenance Eqpt, Truck, F450, 1999	22	20	68,100
Maintenance Eqpt, Truck, Mazda, 2006	10	0	30,700
Maintenance Eqpt: Skid Steer w/ 66" Grapple Bucket	15	13	40,000
Office, Structure: Repair/Replace	30	4	184,000
Owners Representative		0	52,000
Parking Lots: Pool/Sunset, Gravel Replenish	3	0	15,000
Phone System, Office	10	4	5,250
Pickleball Court, Longmire: Reseal	8	7	9,430
Pickleball Court, Longmire: Resurface	40	37	97,200
Pitch & Putt: Repairs	12	1	5,500
Pool & Spa Filters: Replace	20	17	17,000
Pool & Spa: Retile	36	27	34,000
Pool Deck, Concrete: Resurface	30	28	160,000
Pool Deck, Wood: Resurface	20	18	25,000
Pool Engineering	30	27	27,600
Pool Fence & Railings: Replace	30	28	66,000
Pool Heaters: Replace	15	13	35,000
Pool Miscellaneous	30	27	8,820
Pool Plumbing: Repair/Replace	10	7	33,400
Pool Pumps & Valves: Replace	10	7	16,500
Pool, Cover, Winter Safety: Replace	13	0	20,500

CLEARWOOD COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
DECEMBER 31, 2024

Table 2 – General Reserves (continued)

Component Description	Useful Life	Remaining Useful Life	Current Replacement Cost
Pool: Interior Remodel	5	5	6,930
Pool: Light Posts & Electrical	30	28	28,000
Pool: Resurface	20	11	74,500
Recreation Equipment, Hi Lo	30	27	34,000
Recreation Equipment, Perimeter	20	1	42,700
Recreation Equipment, Pool	20	1	28,200
Recreation Equipment, Reichel Beach	20	3	24,000
Recreation Equipment, Vine Lane	20	1	10,500
Retaining Wall, Horseshoe Lake Trail: Rock	5	1	10,500
Retaining Wall, Madrona Trail: Repair/Replace	5	1	10,500
Retaining Wall, Pool: Repair/Replace	30	29	10,500
Retaining Wall, Sunset Trail: Rock	5	1	10,500
Roads - 10 year Engineering Plan	10	7	39,400
Roof, Office: Replace	30	1	7,230
Roof, Pool Bldg: Replace, Front	35	2	9,440
Roof, Pool Bldg: Replace, Rear	35	27	9,440
RV Dump Station: Repair/Replace	50	44	35,200
Security, Laser Scanner Back Gate: Replace	10	8	4,800
Security, Sally Arm System: Replace	12	16	6,750
Security, Spikes: Replace	10	9	8,190
Security: Gate System	30	25	131,000
Septic System, Blue Water: Replace	50	10	47,300
Septic System, Harrington Park: Replace	50	10	47,300
Septic System, Hi-Lo: Replace	50	10	47,300
Septic System, Longmire: Replace	50	10	47,300
Septic System, Loop: Replace	50	1	47,300
Septic System, Madrona: Replace	50	10	47,300
Septic System, Office	51	0	21,000
Septic System, Otter Beach: Replace	50	10	47,300
Septic System, Perimeter: Replace	50	10	47,300
Septic System, Pool: Replace	30	28	47,300
Septic System, Rampart: Replace	50	10	47,300
Septic System, Reichel Beach: Replace	50	1	49,700
Septic System, Sports Court: Replace	50	10	47,300
Septic System, Sunset Beach: Replace	50	1	49,700
Septic System, Windy Beach: Replace	50	10	47,300
Septic System, Woodside: Replace	50	10	47,300
Siding, Pool Bldg: Repaint	8	14	6,720
Siding, Pool Bldg: Repair/Replace	50	27	39,700
Spa, Heater: Replace	20	11	5,850
Spa: Resurface	16	11	8,400
Spillways, Concrete: Repair/Replace	25	14	60,900
Spillways, Gates & Weirs: Replace	25	14	6,510
Surveillance System Cameras: Replace	10	9	100,000
Tennis & Basketball Court, Rampart: Reseal	8	8	8,930
Tennis & Basketball Court, Rampart: Resurface	40	1	92,200
Tennis Court, Hi Lo: Reseal	8	1	8,930
Tennis Court, Hi Lo: Resurface	40	1	104,000
Trails: Maintain / Repair	4	1	7,280