

Financial Statement Review (Required Civil Code Sec. 4525)
Artisan HOA

Order: KX23SRPWJ
Address: 5 Artisan Way
Order Date: 07-23-2025
Document not for resale
HomeWiseDocs

ARTISAN HOMEOWNERS ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED DECEMBER 31, 2024 AND 2023

**LEVY, ERLANGER & COMPANY LLP
San Francisco, California**

Order: KX23SRPWJ
Address: 5 Artisan Way
Order Date: 07-23-2025
Document not for resale
HomeWiseDocs

ARTISAN HOMEOWNERS ASSOCIATION

**CONTENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>Page(s)</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1 - 2
BALANCE SHEETS	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES	4 - 5
STATEMENTS OF CASH FLOWS	6 - 7
NOTES TO FINANCIAL STATEMENTS	8 - 13
SUPPLEMENTARY INFORMATION	
Supplementary Information On Future Major Repairs And Replacements At December 31, 2024	14 - 15

LEVY, ERLANGER & COMPANY LLP

100 Montgomery Street, Suite 715
San Francisco, CA 94104

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Artisan Homeowners Association
Menlo Park, California

We have reviewed the accompanying financial statements of **Artisan Homeowners Association** (the Association) which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **Artisan Homeowners Association** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Order: KX23SRPWJ
Address: 5 Artisan Way
Order Date: 07-23-2025
Document not for resale
HomeWiseDocs

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

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 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.

Levy Elmer & Company LLP

January 29, 2025

ARTISAN HOMEOWNERS ASSOCIATION

**BALANCE SHEETS
DECEMBER 31, 2024 AND 2023**

	2024			2023
	Operations Fund	Replacement Fund	Total Funds	Total Funds
ASSETS				
Cash and cash equivalents (Note 2)	\$ 3,618	\$ 72,615	\$ 76,233	\$ 134,036
Investment in certificates of deposit (Note 2)		320,000	320,000	240,000
Assessments receivable (Note 2)	173		173	145
Prepaid insurance	2,527		2,527	2,356
	<u>2,527</u>	<u> </u>	<u>2,527</u>	<u>2,356</u>
Total assets	<u>\$ 6,318</u>	<u>\$ 392,615</u>	<u>\$ 398,933</u>	<u>\$ 376,537</u>
LIABILITIES				
Accounts payable	\$ 4,280	\$ -	\$ 4,280	\$ 5,795
Assessments paid in advance	3,821		3,821	2,680
Income taxes payable		2,027	2,027	1,124
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		400,588	400,588	366,307
Due to (due from) other fund	10,000	(10,000)		
Future major repairs and replacements (Note 3)	-	-	-	-
	<u>18,101</u>	<u>392,615</u>	<u>410,716</u>	<u>375,906</u>
Total liabilities	<u>18,101</u>	<u>392,615</u>	<u>410,716</u>	<u>375,906</u>
COMMITMENTS (NOTE 6)	-	-	-	-
FUND BALANCE (DEFICIT)	<u>(11,783)</u>	<u>-</u>	<u>(11,783)</u>	<u>631</u>
Total liabilities and fund balance	<u>\$ 6,318</u>	<u>\$ 392,615</u>	<u>\$ 398,933</u>	<u>\$ 376,537</u>

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024			2023
	Operations Fund	Replacement Fund	Total Funds	Total Funds
REVENUES				
Assessments (Notes 2 and 4)	\$ 75,636	\$ 87	\$ 75,723	\$ 69,340
Interest income (Note 2)	5	12,605	12,610	1,320
Late charges and other income	311		311	16
Total revenues	75,952	12,692	88,644	70,676
EXPENSES				
<u>Administration</u>				
Income tax provision (Note 2)	-	3,267	3,267	1,194
Insurance	10,431		10,431	9,502
Legal and accounting	1,415		1,415	1,365
Management	10,680		10,680	10,176
Office, printing and postage	1,997		1,997	962
Reserve study	1,160		1,160	1,160
	25,683	3,267	28,950	24,359
<u>Maintenance and operations</u>				
Fire alarm and safety systems	7,704	-	7,704	5,598
Fountain maintenance	4,380		4,380	2,980
Gutters and downspouts	2,780		2,780	
Janitorial services	1,860		1,860	2,085
Landscape maintenance	11,016		11,016	10,572
Lighting and light bulbs	2,901		2,901	
Roof maintenance	4,125		4,125	
Window cleaning	5,560		5,560	8,600
Other maintenance and operations	7,778		7,778	988
	48,104	-	48,104	30,823

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024			2023
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Utilities</u>				
Gas and electricity	\$ 3,882	\$ -	\$ 3,882	\$ 3,452
Water and sewer	8,333		8,333	6,727
	12,215	-	12,215	10,179
<u>Major repairs and replacements</u>				
Balconies, decks and patios	-	9,425	9,425	-
Other major repairs and replacements				120
	-	9,425	9,425	120
Total expenses	86,002	12,692	98,694	65,481
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(10,050)	-	(10,050)	5,195
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(2,364)	-	(2,364)	(120)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	631	-	631	(4,444)
FUND BALANCE (DEFICIT), END OF YEAR	\$ (11,783)	\$ -	\$ (11,783)	\$ 631

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>		<u>2023</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ (10,050)	\$ -	\$ (10,050)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:			
Decrease (increase) in assets:			
Assessments receivable	(28)	-	(28)
Prepaid insurance	(171)		(171)
Increase (decrease) in liabilities:			
Accounts payable	(1,515)		(1,515)
Assessments paid in advance	1,141		1,141
Income taxes payable		903	903
Contract liabilities - replacement reserve assessments paid in advance		34,281	34,281
Total adjustments	(573)	35,184	34,611
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(10,623)	35,184	24,561
INVESTING ACTIVITIES			
Net (purchase) sale of certificates of deposit	-	(80,000)	(80,000)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	(80,000)	(80,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,623)	(44,816)	(55,439)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(2,364)	-	(2,364)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,605	117,431	134,036
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,618	\$ 72,615	\$ 76,233
	\$ 134,036		

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024		2023
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<u>Supplemental Disclosures</u>			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 2,364</u>	<u>\$ 2,364</u>

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

1. THE ASSOCIATION

Artisan Homeowners Association (the Association) is a common interest development located in Menlo Park, California which consists of 26 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in May 2013 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments 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. The Association's policy is to account for reserve fund expenditures using reserve fund assessments before reserve fund interest income.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The estimate of allowance for doubtful accounts, if any, is based, generally on amounts past due greater than 90 to 120 days.

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2024 totaled approximately \$-0-.

Contract liabilities - replacement reserve assessments paid in advance. The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability - replacement reserve assessments paid in advance is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at a flat 21% rate on net nonmember income; in the latter case it is taxed at a flat 30% rate on net nonexempt function income (which is generally similar to net nonmember income). California income tax approximates 9% of net nonmember income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds. With the implementation of FASB ASC 606 accounting guidance, reported replacement reserve interest income may be less than earned.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected major component cost increases (aka inflation) and interest earning rate(s) on replacement fund cash balances.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed pro forma operating budget and related assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2024 AND 2023

4. FASB ASC 606 ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) has issued guidance that created Accounting Standards Codification (ASC) Topic 606. This guidance supercedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRAs), Revenue Recognition, and now requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services (i.e. the accumulation of unspent replacement reserve cash and investments from assessment payments over time which are eventually to be used for common area major repairs and replacements). The Association has adopted the guidance as of January 1, 2019. The effect to the Association's income statement from adoption of this guidance is as follows:

<u>2023 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 69,340	\$ 30,500	\$ 99,840
Effects of applying <u>guidance</u>			
Reclassify <u>interfund transfers</u>	-	120	120
Adjust <u>revenues to equal expenses</u>	-	(30,620)	(30,620)
Total effects of guidance	-	(30,500)	(30,500)
Assessment revenues <u>per financial statements</u>	<u>\$ 69,340</u>	<u>\$ -</u>	<u>\$ 69,340</u>
<u>2024 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 75,636	\$ 32,004	\$ 107,640
Effects of applying <u>guidance</u>			
Reclassify <u>interfund transfers</u>	-	2,364	2,364
Adjust <u>revenues to equal expenses</u>	-	(34,281)	(34,281)
Total effects of guidance	-	(31,917)	(31,917)
Assessment revenues <u>per financial statements</u>	<u>\$ 75,636</u>	<u>\$ 87</u>	<u>\$ 75,723</u>

5. INTERFUND ACCOUNTS

The interfund accounts represent the amount one fund owes another fund. Various scenarios may cause this situation which include, but are not limited to, one fund paying the expenses of another fund, one fund borrowing from another fund, or the operating fund not paying the full annual budgeted contribution amount to the replacement fund.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

6. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

7. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 29, 2025, the date that the financial statements were available to be issued.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2024 (UNAUDITED)

The following information on common area major components was compiled by Association Reserves of San Francisco, California **as of November 2024** and has served as the basis for the current estimates of replacement reserve funding:

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Common Areas				
103	Concrete Walkways - Replace 5%	25	13	\$22,350
202	Asphalt - Remove & Replace	25	13	\$32,500
203	Asphalt - Seal/Repair	5	0	\$4,760
207	Stamped Asphalt - Replace	25	13	\$42,200
320	Bollard Lights - Replace	20	8	\$20,950
403	Mailboxes - Replace	20	10	\$8,325
407	BBQ - Replace	15	3	\$2,595
408	Picnic Table/Bench - Replace	15	3	\$5,550
409	Bench - Replace	15	3	\$2,705
414	Info Board - Replace	15	3	\$2,815
503	Metal Fence - Replace	30	18	\$6,920
505	Wood Fences - Replace	20	8	\$2,705
518	Pergola - Replace	30	18	\$9,735
Buildings				
101	Balcony & Deck - Inspection	9	8	\$9,375
104	Balcony Surfaces - Seal/Repair	5	0	\$7,250
105	Balcony Surfaces - Resurface	25	13	\$52,150
210	Brick Walkways - Clean/Repair	10	0	\$4,325
324	Wall Lights - Replace	15	3	\$21,200
332	Address Lights - Replace	15	4	\$7,195
506	Metal Railing - Replace	30	18	\$27,700
702	Garage Doors - Replace	30	18	\$88,900
703	Metal Utility Doors - Replace	25	13	\$77,750
714	Unit Doors - Replace	35	23	\$72,150
1115	Stucco - Repaint	12	1	\$44,400
1116	Wood Surfaces - Repaint	6	1	\$205,500
1118	Railings - Repaint	6	1	\$4,165
1122	Wood Siding - Major Replace - 30%	36	23	\$433,000
1122	Wood Siding - Minor Replace - 5%	12	1	\$72,050
1303	Comp Shingle Roof - Replace	25	13	\$150,500
1307	Flat Roof - Recoat/Replace	20	8	\$113,500
1313	Gutters/Downspouts - Repair	25	13	\$40,900
Mechanical				
1001	Backflow Device - Replace	30	19	\$3,030
1003	Irrigation Controller - Replace	12	3	\$1,835
1819	Fire Alarm System - Replace	30	18	\$54,100
34 Total Funded Components				

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2024
(UNAUDITED)**

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **After-tax interest rate** of **3%** on replacement fund cash balances and an annual **inflation rate** of **3%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2024 totaled **\$392,615**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$878,000**. The portion of **2025** regular **assessments** budgeted to be allocated to the replacement fund totals **\$34,825**.

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED DECEMBER 31, 2023 AND 2022

**LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants
San Francisco, California**

Order: KX23SRPWJ
Address: 5 Artisan Way
Order Date: 07-23-2025
Document not for resale
HomeWiseDocs

ARTISAN HOMEOWNERS ASSOCIATION

**CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Page(s)</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1 - 2
BALANCE SHEETS	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES	4 - 5
STATEMENTS OF CASH FLOWS	6 - 7
NOTES TO FINANCIAL STATEMENTS	8 - 13
SUPPLEMENTARY INFORMATION	
Supplementary Information On Future Major Repairs And Replacements At December 31, 2023	14 - 15

LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

100 Montgomery Street, Suite 715
San Francisco, CA 94104

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors
Artisan Homeowners Association
Menlo Park, California

We have reviewed the accompanying financial statements of **Artisan Homeowners Association** (the Association) which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **Artisan Homeowners Association** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

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 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.

Lee, Elmer & Company LLP

March 22, 2024

ARTISAN HOMEOWNERS ASSOCIATION

BALANCE SHEETS DECEMBER 31, 2023 AND 2022

	2023			2022
	Operations Fund	Replacement Fund	Total Funds	Total Funds
ASSETS				
Cash and cash equivalents (Note 2)	\$ 16,605	\$ 117,431	\$ 134,036	\$ 330,266
Investment in certificates of deposit (Note 2)		240,000	240,000	
Assessments receivable (Note 2)	145		145	971
Prepaid insurance	2,356		2,356	2,080
	<u>19,106</u>	<u>357,431</u>	<u>376,537</u>	<u>333,317</u>
Total assets	\$ 19,106	\$ 357,431	\$ 376,537	\$ 333,317
LIABILITIES				
Accounts payable	\$ 5,795	\$ -	\$ 5,795	\$ 2,622
Assessments paid in advance	2,680		2,680	3,265
Income taxes payable		1,124	1,124	45
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		366,307	366,307	331,829
Due to (due from) other fund	10,000	(10,000)		
Future major repairs and replacements (Note 3)	-	-	-	-
	<u>18,475</u>	<u>357,431</u>	<u>375,906</u>	<u>337,761</u>
Total liabilities	18,475	357,431	375,906	337,761
COMMITMENTS (NOTE 5)	-	-	-	-
FUND BALANCE (DEFICIT)	<u>631</u>	<u>-</u>	<u>631</u>	<u>(4,444)</u>
Total liabilities and fund balance	\$ 19,106	\$ 357,431	\$ 376,537	\$ 333,317

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022
	Operations Fund	Replacement Fund	Total Funds	Total Funds
REVENUES				
Assessments (Notes 2 and 4)	\$ 69,340	\$ -	\$ 69,340	\$ 63,600
Interest income (Note 2)	6	1,314	1,320	47
Late charges and other income	16		16	
Total revenues	69,362	1,314	70,676	63,647
EXPENSES				
<u>Administration</u>				
Income tax provision (Note 2)	-	1,194	1,194	45
Insurance	9,502		9,502	8,676
Legal and accounting	1,365		1,365	1,325
Management	10,176		10,176	9,300
Office, printing and postage	962		962	578
Reserve study	1,160		1,160	1,160
	23,165	1,194	24,359	21,084
<u>Maintenance and operations</u>				
Fire alarm and safety systems	5,598	-	5,598	8,849
Fountain maintenance	2,980		2,980	2,736
Gutters and downspouts				2,780
Janitorial services	2,085		2,085	1,710
Landscape maintenance	10,572		10,572	9,196
Window cleaning	8,600		8,600	5,150
Other maintenance and operations	988		988	577
	30,823	-	30,823	30,998

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Utilities</u>				
Gas and electricity	\$ 3,452	\$ -	\$ 3,452	\$ 2,861
Water and sewer	6,727		6,727	8,691
	10,179	-	10,179	11,552
<u>Major repairs and replacements</u>				
Other major repairs and replacements	-	120	120	-
	-	120	120	-
Total expenses	64,167	1,314	65,481	63,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	5,195	-	5,195	13
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(120)	-	(120)	230
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(4,444)	-	(4,444)	(4,687)
FUND BALANCE (DEFICIT), END OF YEAR	\$ 631	\$ -	\$ 631	\$ (4,444)

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		2022	
	Operations Fund	Replacement Fund	Total Funds	Total Funds
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ 5,195	\$ -	\$ 5,195	\$ 13
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Decrease (increase) in assets:				
Assessments receivable	826	-	826	(926)
Prepaid insurance	(276)		(276)	(52)
Prepaid income taxes				230
Increase (decrease) in liabilities:				
Accounts payable	3,173		3,173	(3,433)
Assessments paid in advance	(585)		(585)	(1,539)
Income taxes payable		1,079	1,079	45
Contract liabilities - replacement reserve assessments paid in advance		34,478	34,478	30,699
Total adjustments	3,138	35,557	38,695	25,024
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	8,333	35,557	43,890	25,037
INVESTING ACTIVITIES				
Net (purchase) sale of certificates of deposit	-	(240,000)	(240,000)	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	(240,000)	(240,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,333	(204,443)	(196,110)	25,037
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(120)	-	(120)	230
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,392	321,874	330,266	304,999
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 16,605	\$ 117,431	\$ 134,036	\$ 330,266

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>			<u>2022</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
<u>Supplemental Disclosures</u>				
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 115</u>	<u>\$ (230)</u>

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

1. THE ASSOCIATION

Artisan Homeowners Association (the Association) is a common interest development located in Menlo Park, California which consists of 26 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in May 2013 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments 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. The Association's policy is to account for reserve fund expenditures using reserve fund assessments before reserve fund interest income.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The estimate of allowance for doubtful accounts, if any, is based, generally on amounts past due greater than 90 to 120 days.

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2023 totaled approximately \$-0-.

Contract liabilities - replacement reserve assessments paid in advance. The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability - replacement reserve assessments paid in advance is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at a flat 21% rate on net nonmember income; in the latter case it is taxed at a flat 30% rate on net nonexempt function income (which is generally similar to net nonmember income). California income tax approximates 9% of net nonmember income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds. With the implementation of FASB ASC 606 new accounting guidance, reported replacement reserve interest income may be less than earned.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected major component cost increases (aka inflation) and interest earning rate(s) on replacement fund cash balances.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed pro forma operating budget and related assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

4. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) has issued new guidance that created Accounting Standards Codification (ASC) Topic 606. This new guidance supercedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRAs), Revenue Recognition, and now requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services (i.e. the accumulation of unspent replacement reserve cash and investments from assessment payments over time which are eventually to be used for common area major repairs and replacements).

The Association has adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenues and contract liabilities - replacement reserve assessments paid in advance.

<u>2023 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 69,340	\$ 30,500	\$ 99,840
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	120	120
Adjust <u>revenues to equal expenses</u>	-	(30,620)	(30,620)
Total effects of new guidance	-	(30,500)	(30,500)
Assessment revenues <u>per financial statements</u>	<u>\$ 69,340</u>	<u>\$ -</u>	<u>\$ 69,340</u>

<u>2022 Assessment Revenues Reconciliation</u>	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 63,600	\$ 30,000	\$ 93,600
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	(230)	(230)
Adjust <u>revenues to equal expenses</u>	-	(29,770)	(29,770)
Total effects of new guidance	-	(30,000)	(30,000)
Assessment revenues <u>per financial statements</u>	<u>\$ 63,600</u>	<u>\$ -</u>	<u>\$ 63,600</u>

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

5. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 22, 2024, the date that the financial statements were available to be issued.

See independent accountant's review report.

ARTISAN HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2023 (UNAUDITED)

The following information on common area major components was compiled by Association Reserves of San Francisco, California **as of November 2023** and has served as the basis for the current estimates of replacement reserve funding:

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Common Areas				
103	Concrete Walkways - Replace 5%	25	14	\$21,700
202	Asphalt - Remove & Replace	25	14	\$31,550
203	Asphalt - Seal/Repair	5	0	\$4,620
207	Stamped Asphalt - Replace	25	14	\$41,000
320	Bollard Lights - Replace	20	9	\$20,300
403	Mailboxes - Replace	20	11	\$8,085
407	BBQ - Replace	15	4	\$2,520
408	Picnic Table/Bench - Replace	15	4	\$5,385
409	Bench - Replace	15	4	\$2,625
414	Info Board - Replace	15	4	\$2,730
503	Metal Fence - Replace	30	19	\$6,720
505	Wood Fences - Replace	20	9	\$2,625
518	Pergola - Replace	30	19	\$9,455
Buildings				
101	Balcony & Deck - Inspection	9	0	\$14,200
104	Balcony Surfaces - Seal/Repair	5	0	\$7,040
105	Balcony Surfaces - Resurface	25	14	\$50,600
210	Brick Walkways - Clean/Repair	10	0	\$4,200
324	Wall Lights - Replace	15	4	\$20,550
332	Address Lights - Replace	15	5	\$6,985
506	Metal Railing - Replace	30	19	\$26,900
702	Garage Doors - Replace	30	19	\$86,300
703	Metal Utility Doors - Replace	25	14	\$75,450
714	Unit Doors - Replace	35	24	\$70,050
1115	Stucco - Repaint	12	0	\$43,100
1116	Wood Surfaces - Repaint	6	0	\$199,500
1118	Railings - Repaint	6	2	\$4,045
1122	Wood Siding - Major Replace - 30%	36	24	\$420,500
1122	Wood Siding - Minor Replace - 5%	12	0	\$69,950
1303	Comp Shingle Roof - Replace	25	14	\$146,000
1307	Flat Roof - Recoat/Replace	20	9	\$110,000
1313	Gutters/Downspouts - Repair	25	14	\$39,700
Mechanical				
1001	Backflow Device - Replace	30	20	\$2,940
1003	Irrigation Controller - Replace	12	4	\$1,785
1819	Fire Alarm System - Replace	30	19	\$52,550
34 Total Funded Components				

See independent accountant's review report and accompanying notes.

ARTISAN HOMEOWNERS ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2023
(UNAUDITED)**

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **After-tax interest rate** of **1-1/2%** on replacement fund cash balances and an annual **inflation rate** of **4%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2023 totaled **\$357,431**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$861,000**. The portion of **2024** regular **assessments** budgeted to be allocated to the replacement fund totals **\$32,000**.

See independent accountant's review report and accompanying notes.