



2018 Northern California Community Association Financial Survey

- ◆ **3,151** Community Associations
- ◆ Representing **313,069** Individual **Units**
- ◆ Association **Reserves And Percent Funded**
- ◆ Revenues And Expenses By Association **Size**
- ◆ Revenues And Expenses By Association **Age**
- ◆ Revenues And Expenses By Association **Location**
- ◆ Revenues And Expenses By Assn **Subdivision Type**

Sponsors

Berding | Weil LLP
CAI—BayCen Chapter

The Helsing Group
Heritage Bank Of Commerce

Authors

Levy, Erlanger & Company LLP

2018 Northern California Community Association Financial Survey

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INTRODUCTION

2018 Northern California Community Association Financial Survey

INTRODUCTION

The Survey

How many times have you wondered how your association's finances compare with those of similar projects? This, the **2018 Financial Survey**, while not the first of its kind, is certainly one of the largest and most recent (1). **Levy, Erlanger & Company LLP** (the Firm) of San Francisco, in conjunction with the sponsorships of **Berding & Weil** in Walnut Creek, CA, the **Community Associations Institute (CAI)** – Bay Area Chapter, **The Helsing Group** in San Ramon, CA and **Heritage Bank Of Commerce** in San Jose, CA, has compiled 2017 year-end financial data from **nearly 3,200 Northern California community associations** comprising more than **300,000 individual units**. Associations were grouped according to the following four major variables: **size** (in units), **age** (in years), **location** (by county) and **subdivision type** (condominiums/condo conversions and planned unit developments). Detailed analyses are presented at pages 27 to 38 of the “Standard” and “Premium” survey books, and an additional 105 detailed analyses are presented at pages 43 to 159 of the “Premium” survey book. The Firm previously compiled financial data from the 2015 year-end financial data in the **2016 Financial Survey** of approximately **2,700 Northern California community associations** representing **250,000 individual units**. The two surveys, 2 years apart, are compared and contrasted herein.

The Northern California Community Association Market

There are a total of approximately 17,600 community associations in the 45 Northern California counties (out of a total of approximately 52,000 community association in all 58 California counties). The following statistics compare September 2018 data (associations of known size) with that a decade and a half earlier (August 2001, the earliest data also compiled by Levy, Erlanger & Company LLP):

	<u>2001</u>	<u>2018</u>	<u>Change</u>	<u>Annual %</u>
Northern California – SML (2-50 units)	5,812	10,149	75%	5%
MED (51-150 units)	2,099	3,179	51%	3-1/2%
LRG (151-500 units)	923	1,398	51%	3-1/2%
Other and unknown size	2,389	2,846	19%	1-1/4%

The Surveyors

This survey was compiled by the management and staff of **Levy, Erlanger & Company LLP**, a 15-person professional firm specializing in California community associations. The Firm's clients range in size from 3 to 6,703 units. Services include the preparation of replacement reserve funding plans, annual budget reports, audited/reviewed/compiled financial statements, income tax returns, litigation support and consultation services. Levy, Erlanger & Company LLP publishes an annual financial reference book (the **2019 Condominium Greenbook**), conducts major educational seminars, and previously participated in co-authoring the California Bureau of Real Estate's (CBRE) **Reserve Study Guidelines For Homeowner Association Budgets**. The Firm's staff is also active as members of **CAI** (the Community Associations Institute, a national organization of community associations), **ECHO** (the Educational Community of Home Owners, a California-based organization of approximately 1,400 homeowner associations), and **CACM** (the California Association of Community Managers, the only state-wide organization of 2,000+ professional managers serving the community association industry) .

(1) The **2013 Expense Analysis Of Condominiums, Cooperatives & PUDs** published by the Institute Of Real Estate Management (IREM) 430 North Michigan Avenue, Chicago, IL 60611, includes 2012 financial data on associations nationwide, including **98 community associations** (20,232 units) located in California, Nevada and Arizona.

The Sponsors

Berding & Weil - LEADING WITH EXCEPTIONAL LEGAL TALENT, EXTENSIVE RESOURCES AND DECADES OF EXPERIENCE. Our lawyers are highly experienced construction defect litigators and community association professionals. We have a thorough understanding of our clients' issues and bring creative solutions for their legal needs. We represent community associations and other building and property owners with construction challenges, including original construction defects, construction contract disputes, and reconstruction of older projects. Our clients are hundreds of community associations, apartment investors, commercial and industrial building owners, and government entities with building problems. Our experience and depth allow us to compete with anyone. We have over 45 experienced attorneys assisted by a team of outstanding case analysts. Our construction trial department is larger than those of most big corporate law firms. We have litigated hundreds of construction cases and can easily staff the most complex construction disputes. Additional information can be found at www.berding-weil.com.

Heritage Bank of Commerce, HOA Specialty Banking Division, has a dedicated team of HOA Banking Professionals solely focused on the business and financial needs of the HOA Industry. They offer lockbox services for HOA assessment payments – processed locally – multiple payment options for the owners to select from, including ACH and web payments using checks or credit cards. State of the Art reporting and integration. They can assist the association in maximizing its earnings on long-term and excess funds while assuring FDIC insurance coverage through their CD Placement and Cash Sweep programs. Heritage Bank of Commerce can also provide the necessary financing for Association repairs and improvements making the loan experience a smooth and efficient one with their unique loan program (subject to credit approval). Additional details on their services can be found on the Heritage website, www.heritagebankofcommerce.bank, or you can call the HOA Specialty Banking Division directly at **844-489-0999**.

The Helsing Group is one of the founding members of the Association of Professional Reserve Analysts and has helped develop reserve study industry standards since 1995. We have completed over 50,000 reserve studies across the United States. Along the way we have helped owners, boards, and association managers understand their reserve studies and many have come to rely on our expertise when making reserve decisions. A Reserve Study helps you answer the question, "How much should we collect for Reserves?" Your reserve study should back up your answer to that question with detailed information and expertise you can trust. Our Reserve Study provides a complete evaluation of your Association's reserve funding needs. Each association is different, and having details about the components in your Reserve Study will enable your Board to make the right decision for your unique community. The study includes a detailed physical site inspection, photographs and maintenance suggestions. If you choose, your Reserve Study can be available online, including a satellite image of the property with the location and pictures of all major components. Once the upcoming year's reserve contribution is determined, we also provide you with the information you need to back up that decision and stay compliant with State regulations. All of our Reserve Studies include the proper disclosures you need to do just that. Free funding updates are available later in the fiscal year to accommodate your budget cycle. Additional information can be found at www.helsing.com.

The Sponsors (continued)

Community Association Institute (CAI) - Community Associations International (CAI) is an international membership organization dedicated to building better communities. With nearly 40,000 members, CAI has 64 chapters worldwide, including Canada, the Middle East and South Africa, and relationships in a number of other countries, including Australia and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them. CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. CAI serves community associations and homeowners by:

- Advancing excellence through seminars, workshops, conferences and education programs, most of which lead to professional designations for community managers and other industry professionals.
- Publishing the largest collection of resources available on community association management and governance, including website content, books, guides, *Common Ground* magazine and specialized newsletters.
- Advocating on behalf of common-interest communities and industry professionals before legislatures, regulatory bodies and the courts.
- Conducting research and serving as an international clearinghouse for information, innovations and best practices in community association development, governance and management.

We believe homeowner associations should strive to exceed the expectations of their residents. We work toward this goal by identifying and meeting the evolving needs of the professionals and volunteers who serve associations, by being a trusted forum for the collaborative exchange of knowledge and information, and by helping our members learn, achieve and excel. For additional information contact the CAI chapter office at kelvinn@meetingpossibilities.com or (925) 355-1980.

Customized Comparison For Your Association

A comparison of your individual association's income and expenses with comparable Northern California community associations is available from Levy, Erlanger & Company LLP at info@hoa-cpa.com or by telephone at **415-981-9350 x101**. Criteria considered in this comparison include association size (in units), age (in years), location (county) and type of development (condominium v. planned unit development). Not all comparative data will necessarily exactly match your association.

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LIMITATIONS AND COMPUTATIONS

2018 Northern California Community Association Financial Survey

LIMITATIONS ON SURVEY RESULTS

When comparing your particular association to the aggregated results contained in this survey, the following factors should be considered:

- * The 3,151 (2,692 in the 2016 survey) associations surveyed in 2018 represent **voluntary contributions** from interested parties and do not represent a statistically valid sampling of the approximately 17,000 Northern California community associations. Accordingly, the number of associations, and **the total number of units represented by those associations**, should be considered in evaluating individual line item results. See “Computation Of Survey Results” below.
- * Because **no two associations are exactly the same**, the financial statistics presented should be viewed with the realization that **the nature and level of services provided** will depend upon the character and lifestyle choices of the residents of any given association. **Accordingly, an association which, for example, demands a higher level of services or is older, may pay more for certain services than one with more modest demands or one which is newer.** For these reasons, in part, management fees are included with legal and accounting services under the category “Professional Services”. Even if they were stated separately, management fees sometimes include postage, copies, minor maintenance and other expenses which could make comparison with average numbers somewhat misleading.
- * Because this 2018 Survey includes financial statement data for fiscal years ended in 2016/17 (2014/2015 for the 2016 Survey), consideration should be given to **the effect of inflation** for periods after these years.

COMPUTATION OF SURVEY RESULTS

The actual financial results (income and expenses) and financial position (assets, liabilities and fund balance) of surveyed associations have been summarized as **averages** in terms of average dollars and dollars per unit per month (PUPM). The following example illustrates the computation process employed:

Computation of Survey Results - Example

<u>Description</u>	<u>Average Number Of Associations</u>	<u>Average Dollars Total</u>	<u>Average Dollars PUPM</u>	<u>Percent</u>
Landscape maintenance	8	\$9,000	\$24	36%
Facilities maintenance	8	\$6,500	\$18	27%
Pool maintenance	4	\$5,000	\$15	23%
Other maintenance	<u>8</u>	<u>\$2,000</u>	<u>\$9</u>	<u>14%</u>
				<u>100%</u>
Total maintenance	8	\$20,500	\$63	
	====	=====	=====	

COMPUTATION OF SURVEY RESULTS (CONTINUED)

Average dollars, both in total and per unit per month (PUPM), are computed, **for each individual line item**, by averaging values for **associations with positive values** for that given line item description. In the above example, only 4 associations had positive values for pool expense, while 8 associations had positive values for the other line item expenses.

On the other hand, for purposes of computing subtotals, such as “total maintenance” in the above example, all expenses in the given category were averaged, whether or not each detail line item had an **association with a positive value**. Accordingly, **the sum of the individual line items will not equal the subtotal unless the number of associations for each individual line item happens to equal to the number of associations shown for the subtotal**. This is the same methodology used by the Institute Of Real Estate Management (IREM) in their survey of condominium operating expenses (1).

Percentages are computed only for income and expense category subtotals (e.g. total regular assessments, total administration, total maintenance, total utilities, total replacement expenditures and total other expenses), and agree to the percentages shown on the “regular assessments” and “expenses” pie charts.

(1) The **2013 Expense Analysis Of Condominiums, Cooperatives & PUDs** published by the Institute of Real Estate Management (IREM) 430 North Michigan Ave, Chicago, IL 60611.

EXECUTIVE SUMMARY

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY

Levy, Erlanger & Company LLP of San Francisco, California compiled data from the 2016/2017 fiscal year-end balance sheets and income statements of **3,151 Northern California community associations** representing **313,069 individual units**. Associations were grouped according to the following four major variables: **size, age, location** and **subdivision type**. Detailed analyses are presented at pages 25 to 36.

Previously, in the 2016 Financial Survey, Levy, Erlanger & Company LLP compiled data from the 2014/2015 year-end financial statements of **2,692 Northern California community associations** representing **252,997 units**. Some of the findings from that survey are included herein.

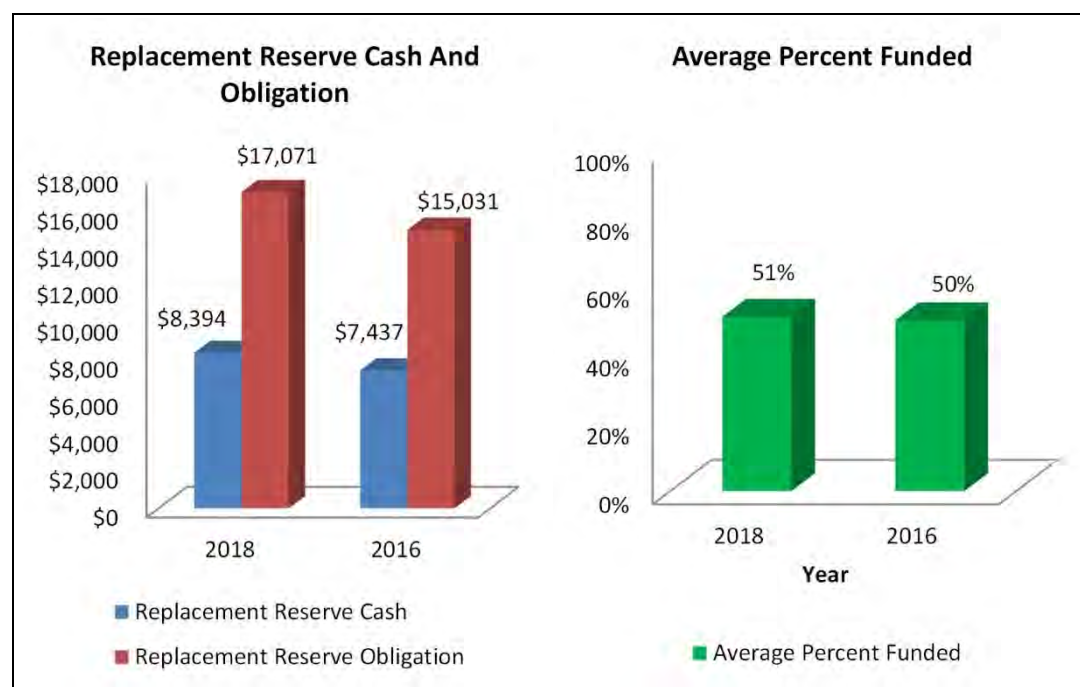
Scenario: Reserves & Percent Funded - All Associations

2018 Financial Survey Results

Replacement reserve cash	\$ 8,394 per unit	(1,908 HOAs)
Replacement reserve obligation	\$ 17,071 per unit	(1,908 HOAs)
Unfunded reserves	\$ 8,677 per unit	(1,908 HOAs)
Average percent funded	51%	(1,908 HOAs)
	====	

2016 Financial Survey Results

Replacement reserve cash	\$ 7,437 per unit	(1,868 HOAs)
Replacement reserve obligation	\$15,031 per unit	(1,868 HOAs)
Unfunded reserves	\$ 7,594 per unit	(1,868 HOAs)
Average percent funded	50%	(1,868 HOAs)
	====	



EXECUTIVE SUMMARY (CONTINUED)

Scenario: Reserves & Percent Funded - All Associations (Continued)

Based on replacement cash reserves and reserve liability data which was available from more than 3,000 Northern California community associations, the current average cash reserves per unit is approximately \$7,800. For the 1,908 associations reporting percent funded reserve information (including average reserve fund cash balance of approximately \$8,400 per unit), and the **average percent funded is 51%** (versus **50%** in 2014/2015 – nearly the same, but a drop of 19% over the last two decades since the 1994/1995 average, based on 900+ associations, was **63%**). This implies that the current **average unfunded reserves are approximately \$8,700 per unit**, which, if extrapolated to 50,000+ associations (some 5 million individual units) in **California**, results in estimated **unfunded reserves of approximately \$44 billion!** How could there be such erosion in the percentage funded given the never-ending discussion of the importance of reserves? At least one large reserve study company owner in Northern California attributes this trend to a growing number of reserve component line items in reserve studies as Board members (and reserve study preparers) pay more attention to (component inventory) details, and the (greater than inflation) increases in construction costs, particularly in urban areas.

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

SURVEY VARIABLES

Size

Associations are segregated by size, measured in individual units (both residential and, in a few instances, commercial), into the following four ranges:

			2018	2016
			<u>No. Of Assns</u>	<u>No. Of Assns</u>
VLG	Very large	501+ units	80	60
LRG	Large	151 – 500 units	368	313
MED	Medium	51 – 150 units	925	809
SML	Small	2 – 50 units	1,778	1,502
	Unknown size		<u>0</u>	<u>8</u>
ALL	All Sizes		<u>3,151</u>	<u>2,692</u>

Age

Associations are segregated by age, measured in years, into the following the ranges:

			2018	2016
			<u>No. Of Assns</u>	<u>No. Of Assns</u>
OLD	Older	16+ yrs old	2,227	1,899
MID	Middle-aged	6 - 15 yrs old	664	638
NEW	Newer	1 - 5 yrs old	215	110
	Unknown age		<u>45</u>	<u>45</u>
ALL	All Ages		<u>3,151</u>	<u>2,692</u>

Location

Associations are segregated by geographic location, based on county. The following are summarized in this report:

			2018	2016
			<u>No. Of Assns</u>	<u>No. Of Assns</u>
AL	Alameda		605	515
CC	Contra Costa		473	377
MR	Marin		176	152
SF	San Francisco		576	526
SM	San Mateo		237	231
SN	Santa Clara		432	396
SL	Solano		90	74
SO	Sonoma		93	49
	Unknown/Other locations		<u>469</u>	<u>372</u>
ALL	All Counties		<u>3,151</u>	<u>2,692</u>

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

SURVEY VARIABLES (CONTINUED)

Legal Entity

Associations are segregated into the following two major legal types (other and unknown categories are included in "ALL"):

		2018	2016
		<u>No. Of Assns</u>	<u>No. Of Assns</u>
C	Condominiums, condominium conversions and cooperatives	1,864	1,646
PD	Planned developments	1,287	1,026
	Unknown	<u>0</u>	<u>20</u>
ALL	All legal entity types	<u>3,151</u>	<u>2,692</u>

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

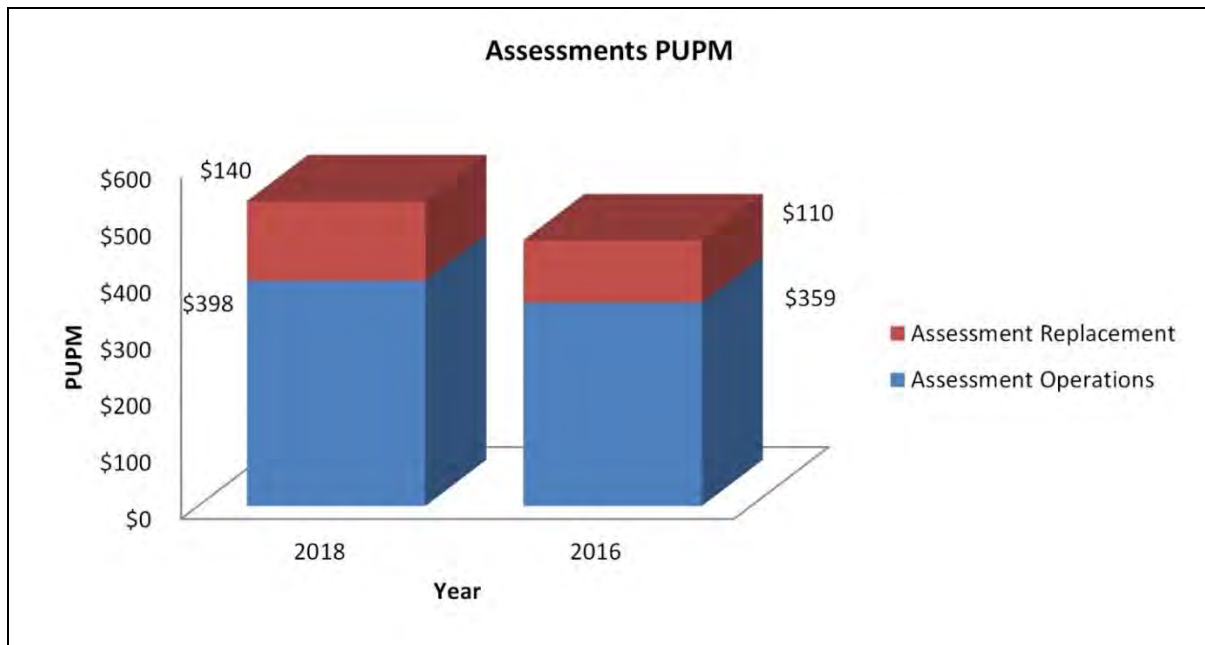
Scenario: Regular Assessments – All Associations

2018 Financial Survey Results

Assessments, operations	\$398 PUPM	70%	(2,226 HOAs)
Assessments, replacement	\$140 PUPM	30%	(2,143 HOAs)
Assessments, regular	\$534 PUPM*		(2,225 HOAs)
	=====		

2016 Financial Survey Results

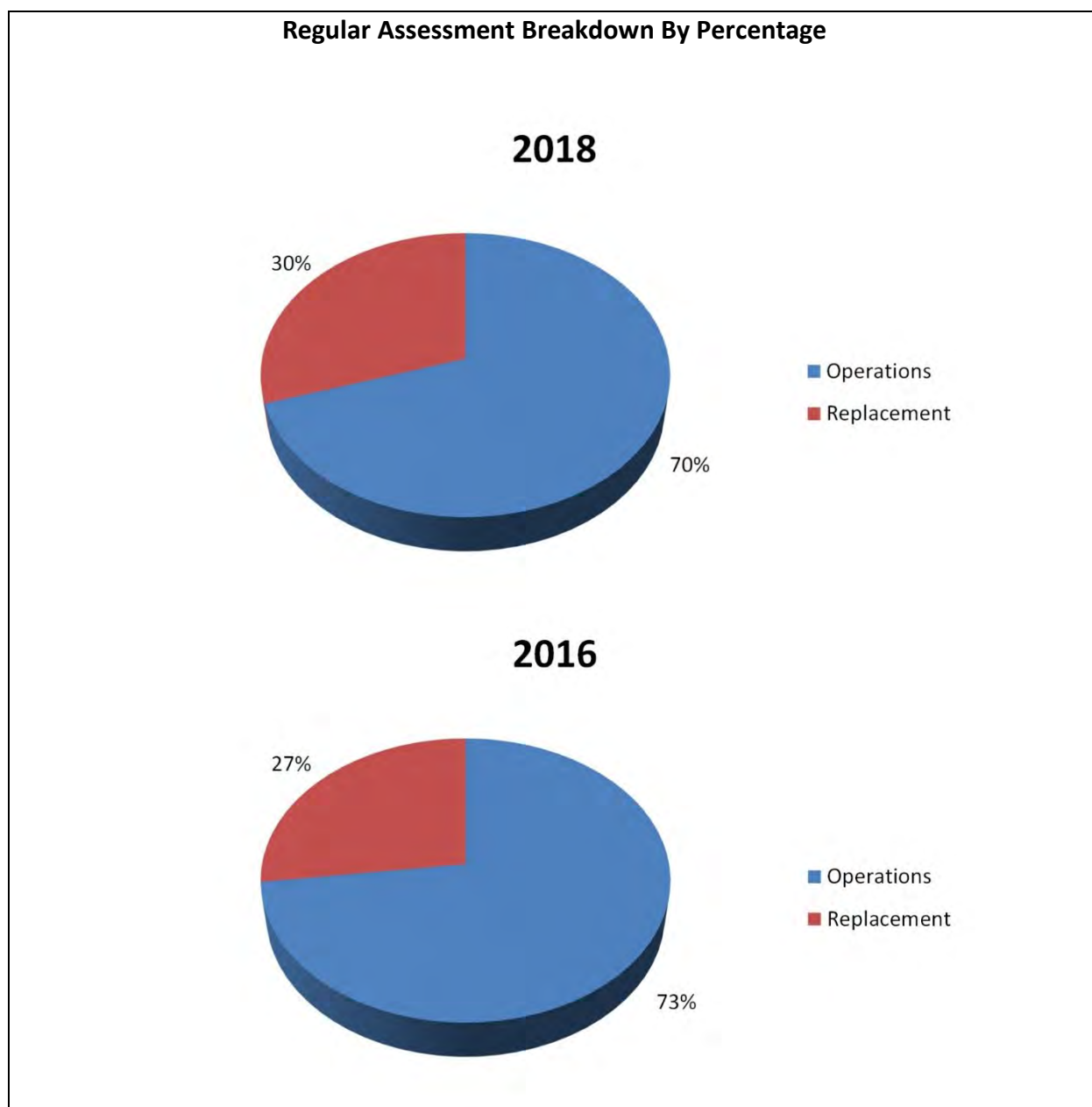
Assessments, operations	\$359 PUPM	73%	(2,621 HOAs)
Assessments, replacement	\$110 PUPM	27%	(2,562 HOAs)
Assessments, regular	\$466 PUPM*		(2,621 HOAs)
	=====		



* Because the individual income/expense line item PUPM and % are computed based upon the number of associations that report financial data for any particular line item, totals of PUPM and/or % may not equal 100%.

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Regular Assessments – All Associations (Continued)



Based on financial data from nearly 3,200 Northern California community associations, regular assessments **averaged \$534 per unit per month (PUPM)** in 2018 versus \$466 PUPM in 2016 (based on 2,700 associations) – **an increase of 15% or approximately 7-1/2% per year** (not compounded) over two years. Special assessments are not included in this comparison. In 2018 approximately **30% of total assessments (\$110 PUPM) were allocated to reserves** versus 27% (\$110 PUPM) in 2016 – a 10% increase. This change is consistent with the increasing age, and maintenance requirements, of associations.

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Expenses - All Associations

2018 Financial Survey Results

Expenses, administration	\$ 131	PUPM	32%	(3,137 HOAs)
Expenses, maintenance	171	PUPM	42%	(3,093 HOAs)
Expenses, utilities	108	PUPM	26%	(3,008 HOAs)

Expenses, operating total			100%	
			=====	
Expenses, operating only	356	PUPM*	64%	
Expenses, reserves only	201	PUPM*	36%	(2,423 HOAs)
	-----		-----	
Expenses, total	\$ 557	PUPM*	100%	(3,139 HOAs)
	=====		=====	

2016 Financial Survey Results

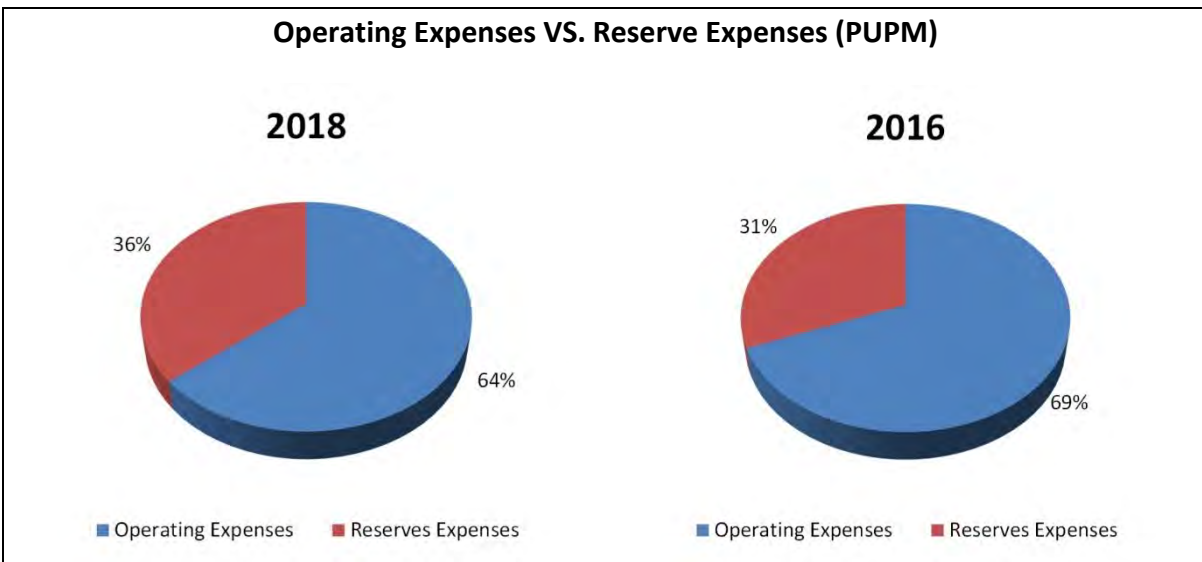
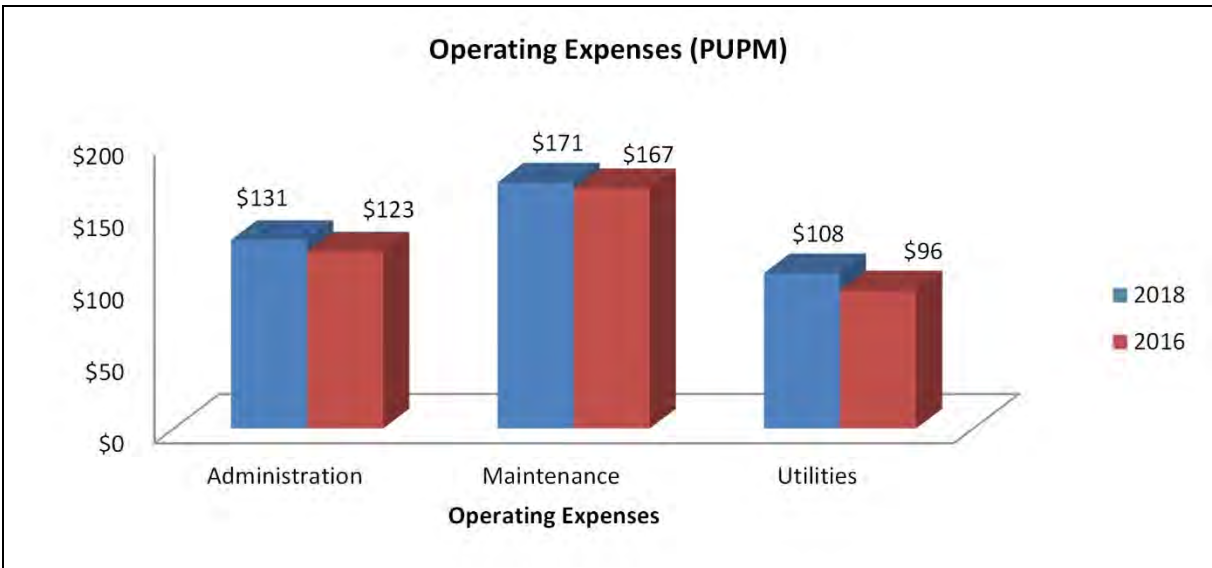
Expenses, administration	\$ 123	PUPM	32%	(2,617 HOAs)
Expenses, maintenance	167	PUPM	43%	(2,580 HOAs)
Expenses, utilities	96	PUPM	25%	(2,514 HOAs)

Expenses, operating total			100%	
			=====	
Expenses, operating only	343	PUPM*	69%	
Expenses, reserves only	154	PUPM*	31%	(2,012 HOAs)
	-----		-----	
Expenses, total	\$ 497	PUPM*	100%	(2,619 HOAs)
	=====		=====	

* Because the individual income/expense line item PUPM and % are computed based upon the number of associations that report financial data for any particular line item, totals of PUPM and/or % may not equal 100%.

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Expenses - All Associations (Continued)



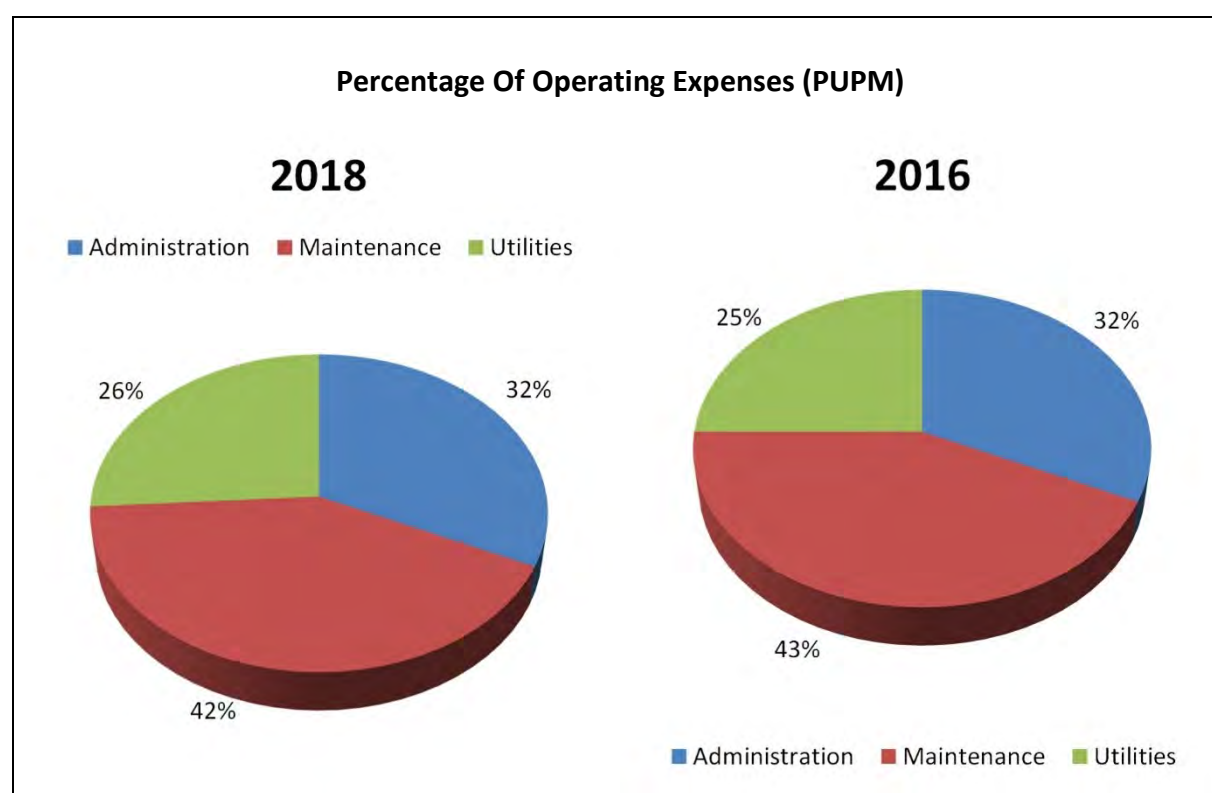
2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Expenses - All Associations (Continued)

Total operating expenses averaged \$356 per unit per month (PUPM) in 2018 versus \$343 PUPM in 2016 – an increase of 4% or approximately 2% per year (not compounded) over two years. A comparison of 2018 and 2016 total operating expenses only for those associations reporting such expenses is as follows:

	<u>2018</u>		<u>2016</u>	
Administration	\$131 PUPM	32%	\$123 PUPM	32%
Maintenance	\$171 PUPM	42%	\$167 PUPM	43%
Utilities	\$108 PUPM	26%	\$96 PUPM	25%



Overall, **administration**, including professional fees (legal, accounting and management), insurance, office expense, etc, as a percentage of total operating expenses **remained unchanged** over the last 2 years, while **maintenance decreased** from 43% to 42%, and **utilities increased** from 25% to 26%. The decrease in maintenance appears to be more than offset by a 30% increase in replacement reserve expenditures (\$154 PUPM in 2016 versus \$201 PUPM in 2018) which is consistent with the aging of community association infrastructure. The increase in utilities from \$96 PUPM in 2016 to \$108 PUPM in 2018, or approximately 6% per year, reflects ever increasing costs of providing power, water and waste treatment services by local jurisdictions.

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Size

2018 Financial Survey Results

Association Size	Very Large <u>501+ units</u>	Large <u>151-500 units</u>	Medium <u>51-150 units</u>	Small <u>2-50 units</u>
Number of associations	<u>80</u>	<u>368</u>	<u>925</u>	<u>1,778</u>
Assessments, operations	\$92	\$208	\$225	\$640
Assessments, replacement	26	84	111	196
	----	----	----	----
Assessments, regular *, **	\$117	\$290	\$335	\$824
	=====	=====	=====	=====
Expenses, administration	\$22	\$79	\$74	\$177
Expenses, maintenance	65	113	93	227
Expenses, utilities	21	64	66	142
Expenses, operating total **	<u>\$108</u>	<u>\$256</u>	<u>\$233</u>	<u>\$546</u>

2016 Financial Survey Results

Association size	Very Large <u>501+ units</u>	Large <u>151-500 units</u>	Medium <u>51-150 units</u>	Small <u>2-50 units</u>
Number of associations	<u>60</u>	<u>313</u>	<u>809</u>	<u>1,502</u>
Assessments, operations	\$83	\$193	\$207	\$485
Assessments, replacement	24	81	98	125
Assessments, regular *, **	\$107	\$272	\$304	\$607
	=====	=====	=====	=====
Expenses, administration	\$21	\$54	\$65	\$171
Expenses, maintenance	53	99	91	226
Expenses, utilities	19	59	62	125
Expenses, operating total **	<u>\$93</u>	<u>\$212</u>	<u>\$218</u>	<u>\$522</u>

* Does NOT include special assessments and other revenues. Data is per unit per month (PUPM).

** Because the individual income/expense line item PUPM and % are computed based upon the number of associations that report financial data for any particular line item, totals of PUPM and/or % may not equal 100%

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Size (Continued)

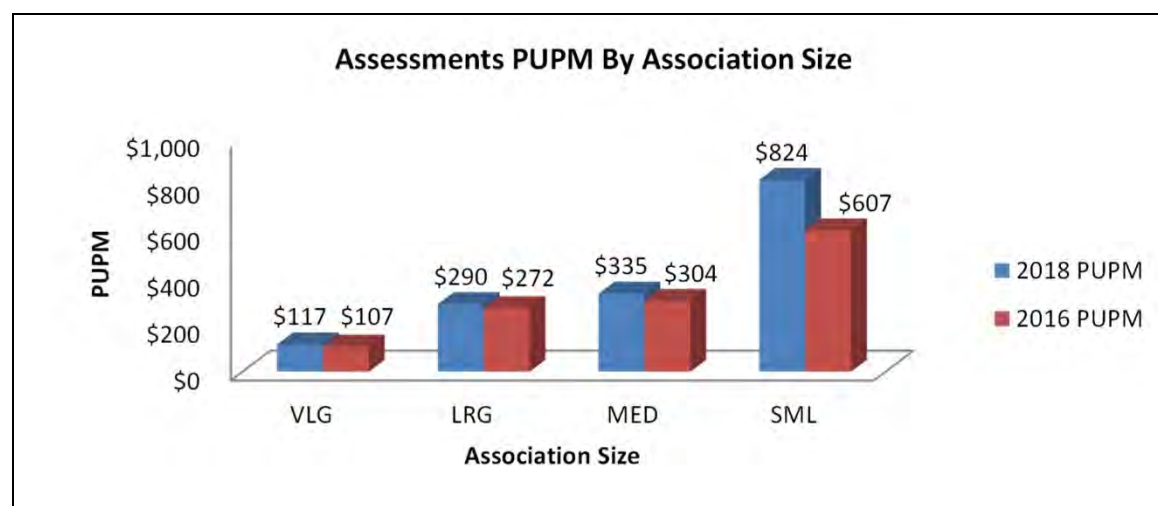
Associations are segregated by size, measured in terms of units (both residential and, in a few instances, commercial), into the following four ranges:

			2018 <u>No. Of Assns</u>	2016 <u>No. Of Assns</u>
VLG	Very large	501+ units	80	60
LRG	Large	151 – 500 units	368	313
MED	Medium	51 – 150 units	925	809
SML	Small	2 – 50 units	1,778	1,502
UNKNOWN			<u>0</u>	<u>8</u>
ALL	All sizes		<u>3,151</u>	<u>2,692</u>

Based on financial data from nearly 2,700 Northern California community associations in the 2016 survey and nearly 3,200 associations in the 2018 survey, total **regular assessments** are summarized as follows:

			2018 <u>\$\$\$ PUPM</u>	2016 <u>\$\$\$ PUPM</u>
VLG	Very large	501+ units	117	107
LRG	Large	151 – 500 units	290	272
MED	Medium	51 – 150 units	335	304
SML	Small	2 – 50 units	824	607

		<u>\$\$\$ PUPM Increase</u>	<u>Percentage Increase</u>	<u>Annual % Increase</u>
VLG	Very large	\$10	9%	4%
LRG	Large	\$18	7%	3%
MED	Medium	\$31	10%	5%
SML	Small	\$217	36%	18%



2018 Northern California Community Association Financial Survey

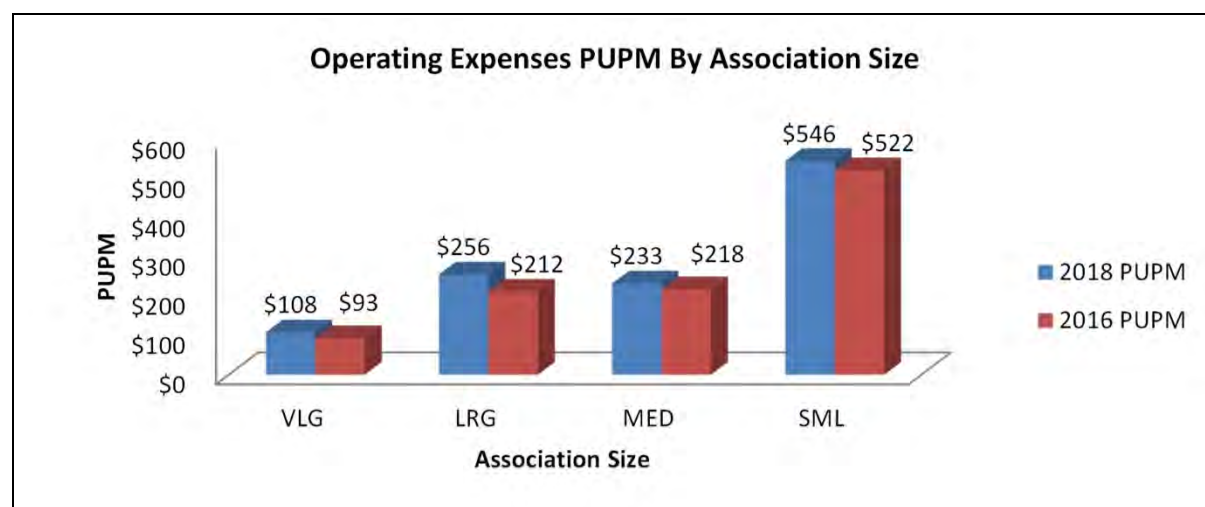
EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Size (Continued)

Based on financial data from nearly 3,200 Northern California community associations in 2018 and 2,700 associations in 2016, total **operating expenses** are summarized as follows:

			2018	2016
			<u>\$\$\$ PUPM</u>	<u>\$\$\$ PUPM</u>
VLG	Very large	501+ units	108	93
LRG	Large	151 – 500 units	256	212
MED	Medium	51 – 150 units	233	218
SML	Small	2 – 50 units	546	522

		<u>\$\$\$ PUPM Increase</u>	<u>Percentage Increase</u>	<u>Annual % Increase</u>
VLG	Very large	\$15	16%	8%
LRG	Large	\$44	21%	10%
MED	Medium	\$15	7%	3%
SML	Small	\$24	5%	2%



On average, large and very large associations had smaller percentage increases in regular assessments (3 to 4% per year), while small and medium-sized associations had larger percentage increases (11 to 12% per year). Operating expenses, on the other hand were just the reverse. On average, large and very large associations had greater percentage increases in operating expenses (9% per year), while small and medium-sized associations had smaller percentage increases (2 to 3% per year).

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Age

2018 Financial Survey Results

Association age	<u>16+ yrs</u>	<u>6-15 yrs</u>	<u>0-5 yrs</u>
Number of associations	<u>2,227</u>	<u>664</u>	<u>215</u>
Assessments, operations	\$409	\$393	\$265
Assessments, replacement	153	100	84
	-----	-----	-----
Assessments, regular *, **	\$558	\$488	\$342
	=====	=====	=====
Expenses, administration	\$ 129	\$148	\$ 99
Expenses, maintenance	185	144	97
Expenses, utilities	110	107	74
	-----	-----	-----
Expenses, operating total	\$424	\$399	\$270
	=====	=====	=====

2016 Financial Survey Results

Association age	<u>16+ yrs</u>	<u>6-15 yrs</u>	<u>0-5 yrs</u>
Number of associations	<u>1,899</u>	<u>638</u>	<u>110</u>
Assessments, operations	\$377	\$336	\$209
Assessments, replacement	120	88	56
	-----	-----	-----
Assessments, regular *, **	\$495	\$422	\$264
	=====	=====	=====
Expenses, administration	\$128	\$111	\$ 82
Expenses, maintenance	177	153	76
Expenses, utilities	96	100	62
	-----	-----	-----
Expenses, operating total	\$401	\$364	\$220
	=====	=====	=====

* Does NOT include special assessments and other revenues. Data is per unit per month (PUPM).

** Because the individual income/expense line item PUPM and % are computed based upon the number of associations that report financial data for any particular line item, totals of PUPM and/or % may not equal 100%

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Age (Continued)

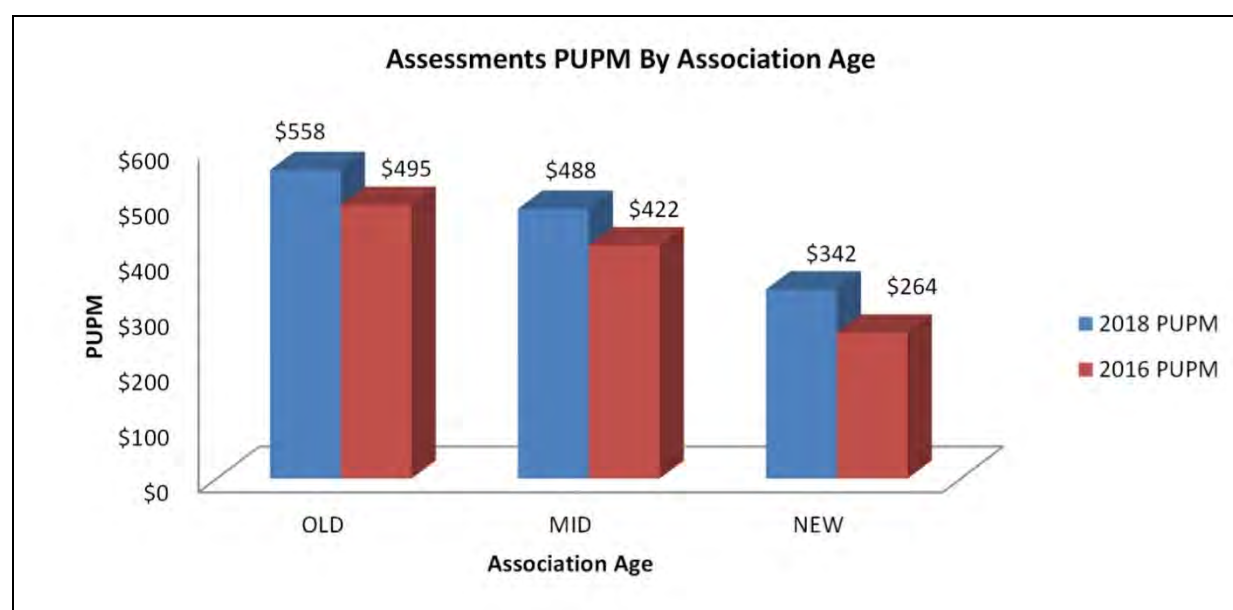
Associations are segregated by age, measured in terms of years, into the following the ranges:

			2018 <u>No. Of Assns</u>	2016 <u>No. Of Assns</u>
OLD	Older	16+ yrs old	2,227	1,899
MID	Middle-aged	6 - 15 yrs old	664	638
NEW	Newer	1 - 5 yrs old	215	110
UNKNOWN			45	45
ALL	All ages		<u>3,151</u>	<u>2,692</u>

Based on financial data from nearly 3,200 Northern California community associations in 2018 and 2,700 associations in 2016, total **regular assessments** are summarized as follows:

			2018 <u>\$\$\$ PUPM</u>	2016 <u>\$\$\$ PUPM</u>
OLD	Older	16+ yrs old	558	495
MID	Middle-aged	6 – 15 yrs old	488	422
NEW	Newer	1 – 5 yrs old	342	264

		<u>\$\$\$ PUPM Increase</u>	<u>Percentage Increase</u>	<u>Annual % Increase</u>
OLD	Older	\$63	13%	6%
MID	Middle-aged	\$66	16%	8%
NEW	Newer	\$ 78	30%	15%



EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Age (Continued)

In general, and not unexpectedly, operating assessments per unit per month (PUPM) increase with age. While the average annual increase from 2016 to 2018 was only 7% for older and middle-aged associations, it was more than double that rate for newer communities. This might in some cases, reflect an initial developer budget that was set to low.

2018 Northern California Community Association Financial Survey

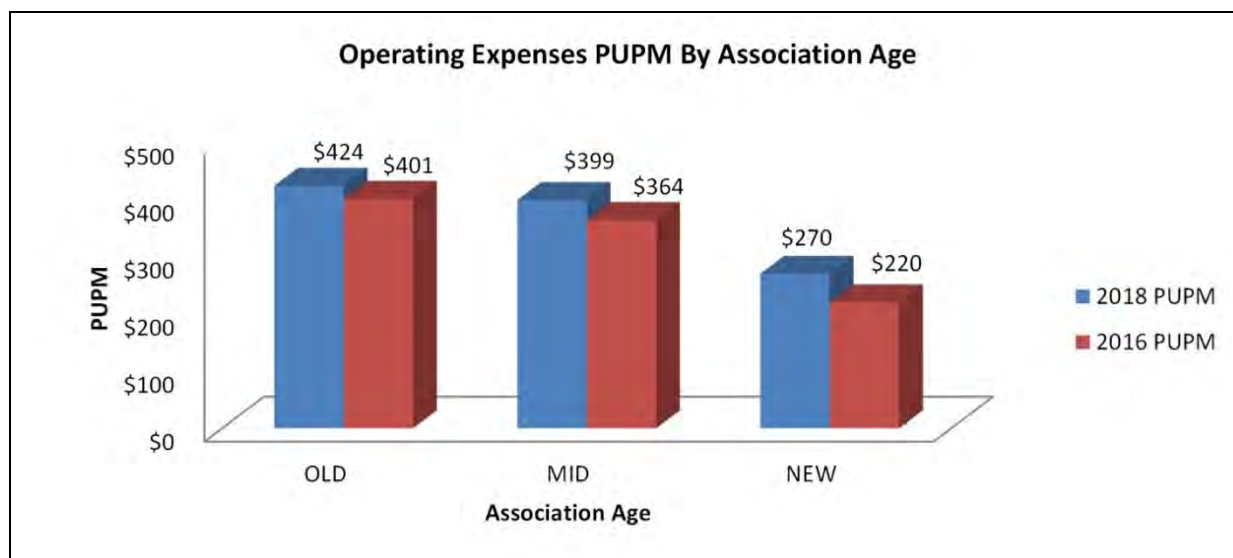
EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Age (Continued)

Based on financial data from nearly 3,200 Northern California community associations in the 2018 survey and 2,700 associations in the 2016 survey, total **operating expenses** are summarized as follows:

			2018	2016
			<u>\$\$\$ PUPM</u>	<u>\$\$\$ PUPM</u>
OLD	Older	16+ yrs old	424	401
MID	Middle-aged	6 – 15 yrs old	399	364
NEW	Newer	1 – 5 yrs old	270	220

		<u>\$\$\$ PUPM Increase</u>	<u>Percentage Increase</u>	<u>Annual % Increase</u>
OLD	Older	\$23	6%	3%
MID	Middle-aged	\$35	10%	5%
NEW	Newer	\$50	23%	11%



In general, and not unexpectedly, operating expenses per unit per month (PUPM) increase with age. While the average annual increases from 2016 to 2018 was only 4% for older and middle-age associations, it was nearly triple that rate for newer communities. This might, in some cases, reflect an initial developer budget that was set too low.

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Location Urban Vs. Suburban

San Francisco: Urban, Condominiums

	<u>2018</u>	<u>2016</u>	<u>\$\$\$ PUPM Increase</u>	<u>% Increase</u>
Number of associations	<u>560</u>	<u>510</u>		
Assessments, operations	\$1,281	\$887	\$394	44%
Assessments, replacement	307	177	130	77
Assessments, regular *, **	\$1,558 =====	\$1,056 =====	\$502 =====	48% =====
Expenses, administration	\$ 317	\$293	\$24	8%
Expenses, maintenance	496	465	31	7
Expenses, utilities	282	241	41	17
Expenses, operating total **	\$1,095 =====	\$999 =====	\$96 =====	10% =====

Santa Clara: Suburban, Planned Developments

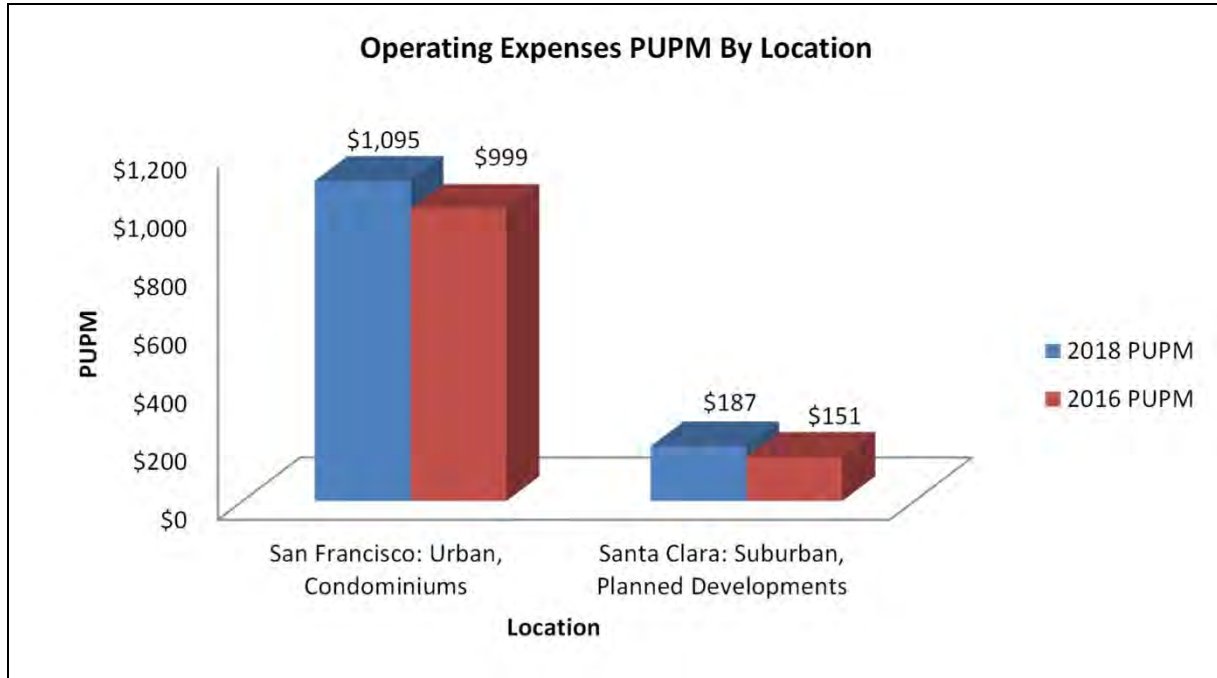
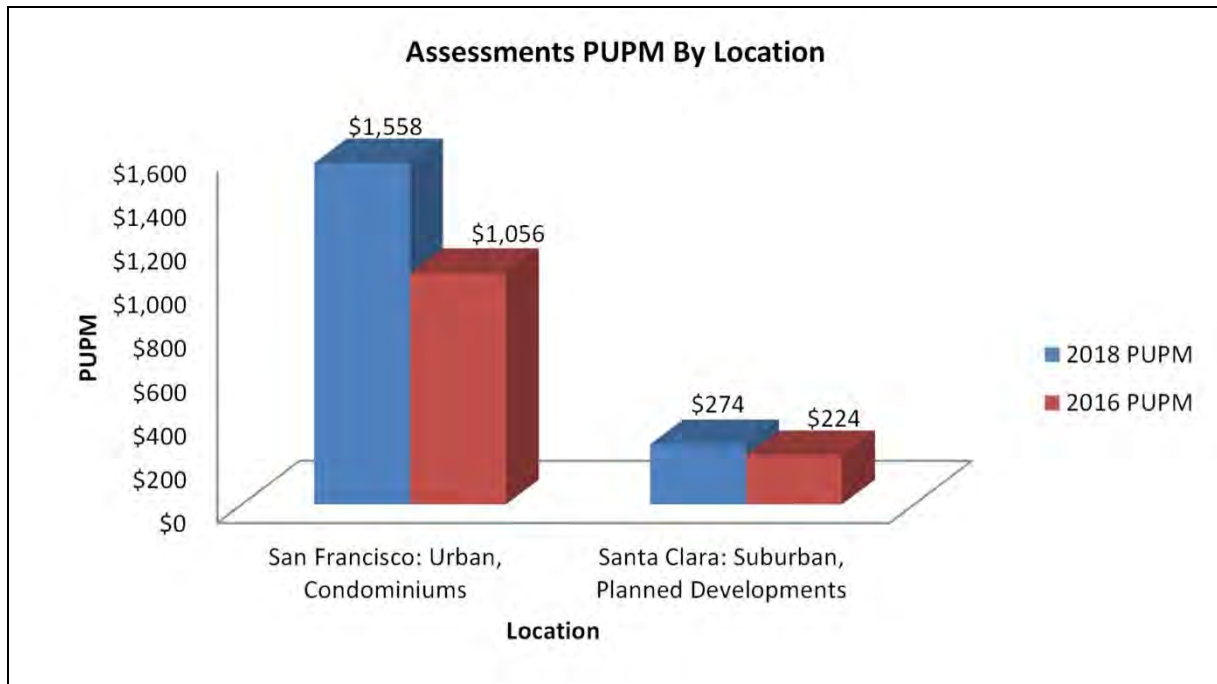
	<u>2018</u>	<u>2016</u>	<u>\$\$\$ PUPM Increase</u>	<u>% Increase</u>
Number of associations	<u>187</u>	<u>173</u>		
Assessments, operations	\$172	\$159	\$13	8%
Assessments, replacement	103	66	37	56
Assessments, regular *, **	\$274 =====	\$224 =====	\$50 =====	22% =====
Expenses, administration	\$ 69	\$64	\$5	8%
Expenses, maintenance	74	57	17	30
Expenses, utilities	44	30	14	47
Expenses, operating total **	\$187 =====	\$151 =====	\$36 =====	24% =====

* Does NOT include special assessments and other revenues. Data is per unit per month (PUPM).

** Because the individual income/expense line item PUPM and % are computed based upon the number of associations that report financial data for any particular line item, totals of PUPM and/or % may not equal 100%

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses - By Location Urban Vs. Suburban (Continued)



Not surprisingly, assessments for high-rise luxury condominiums in San Francisco are 5 to 6 times higher than low-rise single family planned developments in Santa Clara County. Similarly, operating expenses are 6 to 7 times higher.

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Development Type

2018 Financial Survey Results

Association devlpmnt type	<u>Condominium</u>	<u>Planned Dev</u>
Number of associations	<u>1,864</u>	<u>1,287</u>
Assessments, operations	\$554	\$ 156
Assessments, replacement	176	85
	-----	-----
Assessments, regular *, **	\$723	\$238
	=====	=====
Expenses, administration	\$179	\$ 62
Expenses, maintenance	241	68
Expenses, utilities	156	36
	-----	-----
Expenses, operating total	\$576	\$ 166
	=====	=====

2016 Financial Survey Results

Association devlpmnt type	<u>Condominium</u>	<u>Planned Dev</u>
Number of associations	<u>1,646</u>	<u>1,026</u>
Assessments, operations	\$496	\$140
Assessments, replacement	139	64
	-----	-----
Assessments, regular *, **	\$631	\$202
	=====	=====
Expenses, administration	\$165	\$ 55
Expenses, maintenance	233	59
Expenses, utilities	138	26
	-----	-----
Expenses, operating total	\$536	\$140
	=====	=====

* Does NOT include special assessments and other revenues. Data is per unit per month (PUPM).

** Because the individual income/expense line item PUPM and % are computed based upon the number of associations that report financial data for any particular line item, totals of PUPM and/or % may not equal 100%

2018 Northern California Community Association Financial Survey

EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Development Type (Continued)

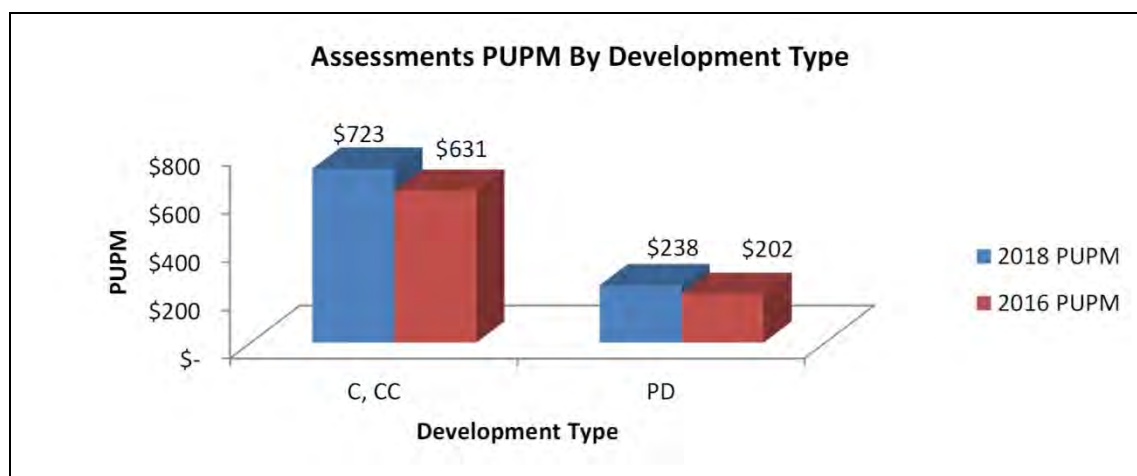
Associations are segregated by subdivision type into the following two major groupings:

		2018 <u>No. Of Assns</u>	2016 <u>No. Of Assns</u>
C, CC	Condominiums, Condominium Conversions, COOPs	1,864	1,646
PD	Planned Developments	1,287	1,026
UNKNOWN		0	20
ALL	All Legal Entity Types	<u>3,151</u>	<u>2,692</u>

Based on financial data from nearly 3,200 Northern California community associations in 2018 and 2,700 associations in 2016, total regular assessments are summarized as follows:

	2018 <u>\$\$\$ PUPM</u>	2016 <u>\$\$\$ PUPM</u>
C, CC	723	631
PD	238	202

	<u>\$\$\$ PUPM Increase</u>	<u>Percentage Increase</u>	<u>Annual % Increase</u>
C, CC	\$92	15%	7%
PD	\$36	18%	9%



2018 Northern California Community Association Financial Survey

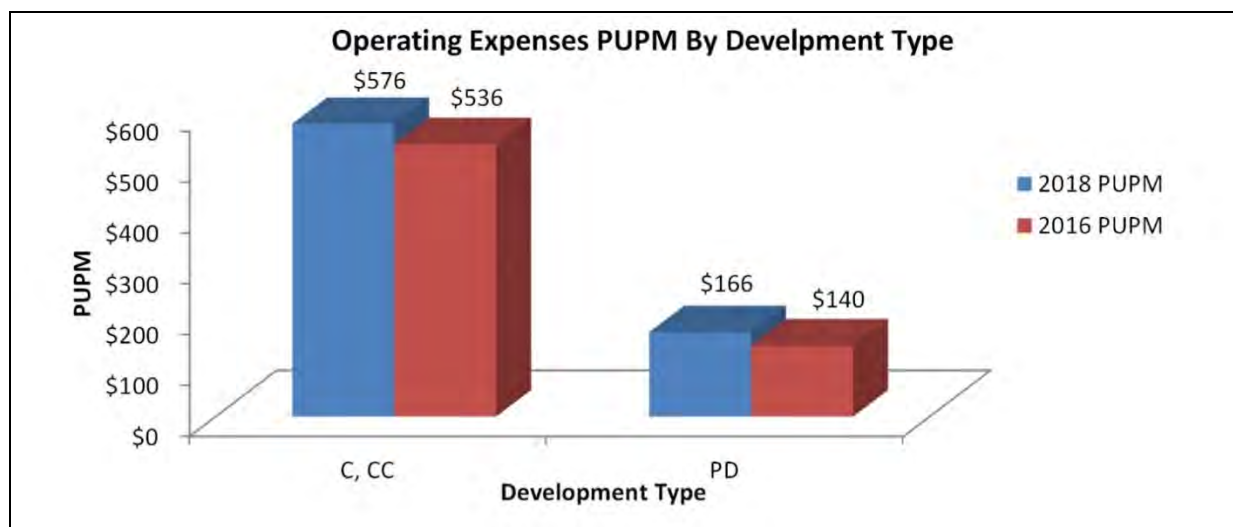
EXECUTIVE SUMMARY (CONTINUED)

Scenario: Operating Assessments & Expenses – By Association Development Type (Continued)

Based on financial data from nearly 3,200 Northern California community associations in the 2018 survey and 2,700 associations in the 2016 survey, total operating expenses are summarized as follows:

	2018	2016
	<u>\$\$\$ PUPM</u>	<u>\$\$\$ PUPM</u>
C, CC	576	536
PD	166	140

	<u>\$\$\$ PUPM Increase</u>	<u>Percentage Increase</u>	<u>Annual % Increase</u>
C, CC	\$40	7%	4%
PD	\$26	19%	9%



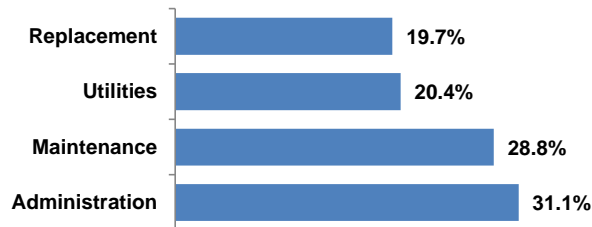
In general, condominium assessments are triple those of planned developments (single family homes). Similarly, condominium expenses average three and one-half times those of planned developments. Part of the disparity is due to the fact that, in Northern California, one in six condominiums is an (older apartment) conversion project.

SURVEY SCENARIOS

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES				
Size	ALL	County	ALL	
Age	ALL	Region	ALL	
Subtype	ALL	Sample:	3,151 HOAs	313,069 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	1,908	503,828	8,394
Reserve Liability	1,908	991,688	17,071
Unfunded Reserves Per Unit			8,676
Percent Funded	1,908		51%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	3,105	66,113	1,420
Cash, Replacement	3,006	408,368	7,750
Cash, Other	35	628,766	2,503
Total Assets	3,134	464,212	8,868

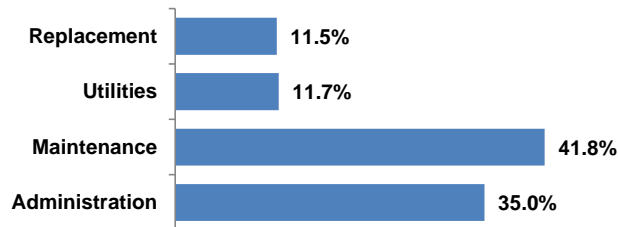
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	2,226	270,782	398	69.9%
Assessments, Replacmnt	2,143	112,798	140	30.1%
Assessment, Regular	2,225	379,544	534	100.0%
Assessments, Other	357	182,360	518	
Comcast Income	251	9,406	16	
Interest Income	2,989	2,142	2	
Laundry Income	256	9,393	8	
Insurance Settlement	224	47,946	72	
Litigation Settlement	32	2,284,138	1,284	
Other Revenues	3,062	28,471	121	
TOTAL REVENUES	3,141	347,586	577	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	1,332	2,007	2	
Income Taxes	1,008	2,109	3	
Insurance	3,113	22,167	48	
Professional Services	3,123	25,871	47	
Monthly Accounting	89	9,400	15	
Office, Printing	3,063	5,689	8	
Other Administration	1,507	21,639	44	
Total Administration	3,137	73,478	131	31.1%
MAINTENANCE				
Elevator	580	12,137	30	
Fire Alarm System	808	9,866	18	
Janitorial	1,175	17,585	25	
Landscaping	2,760	27,837	36	
Plumbing	793	7,139	12	
Pool and Spa	927	9,589	9	
Security	589	42,915	59	
Trees	413	10,992	9	
Other Maintenance	2,985	56,986	104	
Total Maintenance	3,093	105,714	171	28.8%
UTILITIES				
Cable	178	28,976	27	
Garbage Collection	1,755	21,564	42	
Gas/Electricity	2,865	18,461	35	
Telephone	953	5,417	13	
Water and Sewer	2,877	29,511	45	
Other Utilities	119	16,762	19	
Total Utilities	3,008	62,485	108	20.4%
REPLACEMENT				
Litigation Expense	33	758,476	469	
Defect Provision	4	1,933,726	1,655	
Landscape/Trees	896	21,164	22	
Painting/Waterproofing	452	58,345	108	
Paving	537	32,834	31	
Pool, Spa	394	12,642	12	
Replacement Provision	73	712,031	671	
Roofing	510	61,520	96	
Other Replacement	2,196	61,229	133	
Total Replacement	2,423	121,129	201	19.7%
TOTAL EXPENSES	3,139	330,973	557	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES			
Size	Very Large	County	ALL
Age	ALL	Region	ALL
Subtype	ALL	Sample: 80 HOAs	103,004 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	61	1,588,027	1,536
Reserve Liability	61	2,355,978	2,370
Unfunded Reserves Per Unit			834
Percent Funded	61		67%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	78	417,786	356
Cash, Replacement	73	1,557,755	1,549
Cash, Other	5	625,774	457
Total Assets	79	1,891,548	1,812

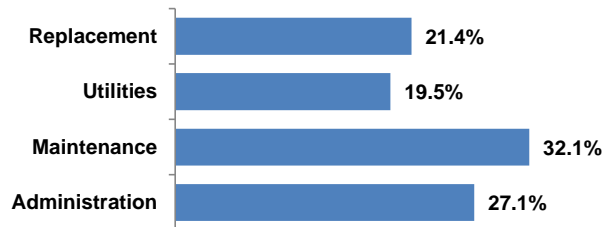
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	71	1,145,682	92	78.9%
Assessments, Replacmnt	67	320,730	26	21.1%
Assessment, Regular	71	1,448,343	117	100.0%
Assessments, Other	21	209,613	18	
Comcast Income	14	27,995	3	
Interest Income	79	18,791	1	
Laundry Income	6	92,792	9	
Insurance Settlement	4	240,037	20	
Litigation Settlement	-	-	-	
Other Revenues	78	279,318	15	
TOTAL REVENUES	79	1,676,130	128	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	65	11,200	1	
Income Taxes	43	10,715	1	
Insurance	78	64,300	5	
Professional Services	78	134,522	9	
Monthly Accounting	5	38,765	3	
Office, Printing	72	47,677	4	
Other Administration	63	69,075	4	
Total Administration	78	317,117	22	35.0%
MAINTENANCE				
Elevator	8	52,221	6	
Fire Alarm System	13	29,528	3	
Janitorial	35	48,925	5	
Landscaping	64	199,186	13	
Plumbing	11	17,100	2	
Pool and Spa	32	37,959	3	
Security	36	198,510	16	
Trees	19	33,548	3	
Other Maintenance	71	515,388	40	
Total Maintenance	73	836,178	65	41.8%
UTILITIES				
Cable	14	85,630	5	
Garbage Collection	43	50,843	4	
Gas/Electricity	67	80,266	7	
Telephone	42	15,287	1	
Water and Sewer	64	121,780	11	
Other Utilities	9	98,287	3	
Total Utilities	70	258,336	21	11.7%
REPLACEMENT				
Litigation Expense	1	60,000	8	
Defect Provision	-	-	-	
Landscape/Trees	31	76,890	6	
Painting/Waterproofing	10	30,391	3	
Paving	28	111,466	9	
Pool, Spa	22	38,941	4	
Replacement Provision	4	220,593	22	
Roofing	5	222,896	22	
Other Replacement	60	170,561	13	
Total Replacement	66	286,299	23	11.5%
TOTAL EXPENSES	79	1,553,866	120	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES				
Size	Large	County	ALL	
Age	ALL	Region	ALL	
Subtype	ALL	Sample:	368 HOAs	89,592 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	298	1,034,195	4,508
Reserve Liability	298	2,039,465	8,842
Unfunded Reserves Per Unit			4,334
Percent Funded	298		51%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	364	169,318	749
Cash, Replacement	352	1,111,398	4,790
Cash, Other	13	1,284,702	4,709
Total Assets	366	1,282,909	5,519

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	348	594,147	208	71.2%
Assessments, Replacmnt	337	237,144	84	28.8%
Assessment, Regular	348	823,795	290	100.0%
Assessments, Other	61	235,527	80	
Comcast Income	119	7,367	2	
Interest Income	354	6,877	2	
Laundry Income	46	17,284	6	
Insurance Settlement	51	67,032	27	
Litigation Settlement	8	6,844,802	2,305	
Other Revenues	365	25,378	9	
TOTAL REVENUES	366	1,018,017	356	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	292	1,691	1	
Income Taxes	228	3,253	1	
Insurance	361	55,056	19	
Professional Services	363	59,094	20	
Monthly Accounting	17	13,271	5	
Office, Printing	357	13,988	5	
Other Administration	266	52,986	21	
Total Administration	365	221,096	79	27.1%
MAINTENANCE				
Elevator	52	31,525	10	
Fire Alarm System	123	21,766	7	
Janitorial	222	35,160	12	
Landscaping	340	63,022	23	
Plumbing	123	15,367	6	
Pool and Spa	230	13,487	5	
Security	180	55,173	18	
Trees	104	15,886	6	
Other Maintenance	355	184,148	65	
Total Maintenance	358	322,619	113	32.1%
UTILITIES				
Cable	32	41,896	13	
Garbage Collection	198	64,209	23	
Gas/Electricity	335	52,627	18	
Telephone	131	9,574	3	
Water and Sewer	330	88,856	32	
Other Utilities	17	24,271	11	
Total Utilities	343	182,722	64	19.5%
REPLACEMENT				
Litigation Expense	12	1,568,751	539	
Defect Provision	1	3,586,737	1,034	
Landscape/Trees	176	29,188	11	
Painting/Waterproofing	77	140,518	49	
Paving	130	43,784	17	
Pool, Spa	109	9,606	4	
Replacement Provision	18	1,802,545	598	
Roofing	89	101,083	31	
Other Replacement	294	131,926	47	
Total Replacement	328	324,729	111	21.4%
TOTAL EXPENSES	365	1,001,048	350	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES			
Size	Medium	County	ALL
Age	ALL	Region	ALL
Subtype	ALL	Sample:	925 HOAs 81,831 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	740	509,473	5,806
Reserve Liability	740	1,001,856	11,457
Unfunded Reserves Per Unit			5,651
Percent Funded	740		51%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	912	70,127	810
Cash, Replacement	909	508,268	5,837
Cash, Other	13	156,495	1,512
Total Assets	921	573,296	6,585

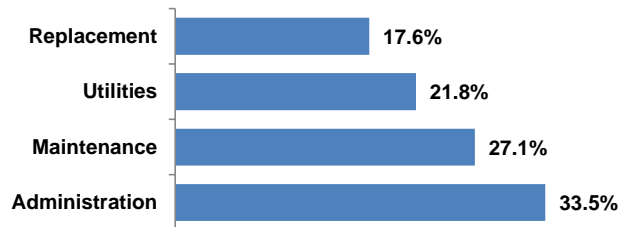
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	840	235,027	225	67.1%
Assessments, Replacmnt	831	115,892	111	32.9%
Assessment, Regular	839	350,094	335	100.0%
Assessments, Other	90	193,212	172	
Comcast Income	108	6,640	6	
Interest Income	903	2,139	2	
Laundry Income	73	9,004	9	
Insurance Settlement	81	39,998	39	
Litigation Settlement	12	1,160,530	1,050	
Other Revenues	908	13,725	14	
TOTAL REVENUES	920	373,970	356	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	568	1,965	1	
Income Taxes	399	1,580	2	
Insurance	916	26,173	25	
Professional Services	917	28,697	28	
Monthly Accounting	31	8,681	8	
Office, Printing	909	5,870	6	
Other Administration	581	14,700	14	
Total Administration	919	76,938	74	27.7%
MAINTENANCE				
Elevator	158	14,154	14	
Fire Alarm System	259	11,219	11	
Janitorial	414	15,875	16	
Landscaping	882	31,640	30	
Plumbing	285	7,472	7	
Pool and Spa	407	7,702	7	
Security	253	16,587	15	
Trees	188	9,382	9	
Other Maintenance	892	42,821	41	
Total Maintenance	911	97,741	93	29.8%
UTILITIES				
Cable	58	34,453	30	
Garbage Collection	459	26,661	26	
Gas/Electricity	863	18,811	18	
Telephone	229	6,578	7	
Water and Sewer	868	34,299	32	
Other Utilities	23	17,492	14	
Total Utilities	899	69,132	66	18.8%
REPLACEMENT				
Litigation Expense	11	411,378	358	
Defect Provision	1	1,938,830	1,346	
Landscape/Trees	407	21,080	20	
Painting/Waterproofing	175	49,418	50	
Paving	237	26,531	25	
Pool, Spa	172	11,817	11	
Replacement Provision	38	420,662	427	
Roofing	211	66,880	65	
Other Replacement	741	59,066	57	
Total Replacement	829	122,257	118	23.7%
TOTAL EXPENSES	919	351,740	338	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES				
Size	Small	County	ALL	
Age	ALL	Region	ALL	
Subtype	ALL	Sample:	1,778 HOAs	38,642 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	809	221,550	12,711
Reserve Liability	809	493,561	26,344
Unfunded Reserves Per Unit			13,634
Percent Funded	809		45%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	1,751	26,902	1,924
Cash, Replacement	1,672	155,867	9,683
Cash, Other	4	35,593	1,114
Total Assets	1,768	174,127	11,065

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	967	121,231	640	71.2%
Assessments, Replacmnt	908	48,474	196	28.8%
Assessment, Regular	967	166,747	824	100.0%
Assessments, Other	185	156,456	889	
Comcast Income	10	37,519	310	
Interest Income	1,653	335	2	
Laundry Income	131	3,018	8	
Insurance Settlement	88	35,469	130	
Litigation Settlement	12	367,301	838	
Other Revenues	1,711	25,520	207	
TOTAL REVENUES	1,776	136,659	757	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	407	823	6	
Income Taxes	338	866	6	
Insurance	1,758	11,457	68	
Professional Services	1,765	12,769	63	
Monthly Accounting	36	4,112	28	
Office, Printing	1,725	2,124	11	
Other Administration	597	9,418	88	
Total Administration	1,775	30,625	177	33.5%
MAINTENANCE				
Elevator	362	7,586	40	
Fire Alarm System	413	4,854	25	
Janitorial	504	9,071	40	
Landscaping	1,474	10,005	44	
Plumbing	374	3,886	19	
Pool and Spa	258	5,575	15	
Security	120	33,359	223	
Trees	102	4,766	15	
Other Maintenance	1,667	17,962	149	
Total Maintenance	1,751	35,061	227	27.1%
UTILITIES				
Cable	74	8,378	34	
Garbage Collection	1,055	10,150	55	
Gas/Electricity	1,600	8,531	49	
Telephone	551	3,194	19	
Water and Sewer	1,615	11,155	56	
Other Utilities	70	4,217	25	
Total Utilities	1,696	26,561	142	21.8%
REPLACEMENT				
Litigation Expense	9	179,946	563	
Defect Provision	2	1,104,669	2,119	
Landscape/Trees	282	10,153	34	
Painting/Waterproofing	190	34,737	190	
Paving	142	17,825	57	
Pool, Spa	91	11,482	27	
Replacement Provision	13	204,997	1,684	
Roofing	205	34,892	158	
Other Replacement	1,101	37,849	213	
Total Replacement	1,200	55,615	291	17.6%
TOTAL EXPENSES	1,776	128,118	733	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES			
Size	ALL	County	ALL
Age	16+ yrs old	Region	ALL
Subtype	ALL	Sample:	2,227 HOAs 236,075 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	1,481	515,116	8,998
Reserve Liability	1,481	1,060,872	18,547
Unfunded Reserves Per Unit			9,549
Percent Funded	1,481		49%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	2,194	63,164	1,385
Cash, Replacement	2,153	425,748	8,278
Cash, Other	26	303,925	1,351
Total Assets	2,216	479,747	9,429

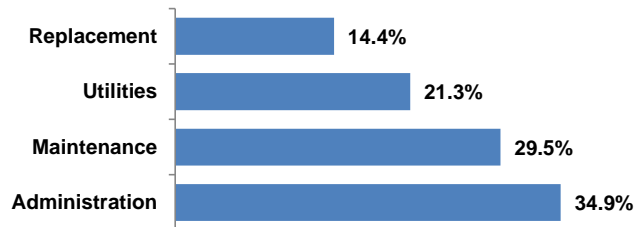
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	1,704	264,124	409	68.3%
Assessments, Replacmnt	1,650	119,375	153	31.7%
Assessment, Regular	1,703	379,939	558	100.0%
Assessments, Other	245	214,474	650	
Comcast Income	184	9,885	19	
Interest Income	2,143	2,370	2	
Laundry Income	231	9,655	8	
Insurance Settlement	162	46,605	71	
Litigation Settlement	8	40,641	66	
Other Revenues	2,161	29,706	106	
TOTAL REVENUES	2,222	351,386	612	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	1,034	2,150	2	
Income Taxes	709	2,191	3	
Insurance	2,206	25,032	49	
Professional Services	2,217	26,627	45	
Monthly Accounting	82	9,564	15	
Office, Printing	2,167	5,943	8	
Other Administration	1,143	19,213	48	
Total Administration	2,221	69,455	129	28.4%
MAINTENANCE				
Elevator	387	11,264	34	
Fire Alarm System	502	7,793	18	
Janitorial	877	13,333	24	
Landscaping	2,012	30,692	38	
Plumbing	646	7,239	13	
Pool and Spa	808	9,208	9	
Security	413	43,327	61	
Trees	356	11,264	9	
Other Maintenance	2,163	58,029	114	
Total Maintenance	2,210	109,165	185	28.7%
UTILITIES				
Cable	121	34,573	35	
Garbage Collection	1,287	21,765	43	
Gas/Electricity	2,093	18,333	36	
Telephone	592	4,998	12	
Water and Sewer	2,097	30,226	46	
Other Utilities	76	10,351	20	
Total Utilities	2,179	63,192	110	20.2%
REPLACEMENT				
Litigation Expense	13	46,749	39	
Defect Provision	-	-	-	
Landscape/Trees	734	21,497	21	
Painting/Waterproofing	376	61,873	119	
Paving	469	34,495	31	
Pool, Spa	345	12,905	13	
Replacement Provision	61	300,933	507	
Roofing	437	65,101	105	
Other Replacement	1,709	61,583	129	
Total Replacement	1,878	112,740	201	22.8%
TOTAL EXPENSES	2,222	335,255	591	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES				
Size	ALL	County	ALL	
Age	6-15 yrs old	Region	ALL	
Subtype	ALL	Sample:	664 HOAs	55,349 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	337	537,227	7,240
Reserve Liability	337	859,602	13,355
Unfunded Reserves Per Unit			6,115
Percent Funded	337		62%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	655	78,719	1,555
Cash, Replacement	629	454,484	7,685
Cash, Other	9	1,567,194	5,831
Total Assets	660	532,631	8,947

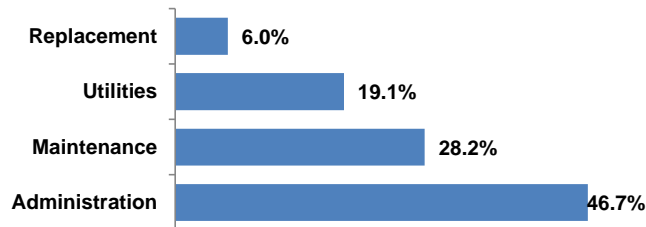
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	400	300,661	393	75.2%
Assessments, Replacmnt	381	96,477	100	24.8%
Assessment, Regular	400	392,555	488	100.0%
Assessments, Other	74	119,140	260	
Comcast Income	65	7,891	4	
Interest Income	636	1,967	2	
Laundry Income	23	7,405	7	
Insurance Settlement	54	50,356	70	
Litigation Settlement	23	3,123,577	1,652	
Other Revenues	651	24,436	142	
TOTAL REVENUES	661	390,684	529	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	243	1,433	3	
Income Taxes	230	1,750	4	
Insurance	655	16,606	48	
Professional Services	658	26,860	51	
Monthly Accounting	7	7,481	15	
Office, Printing	649	5,433	10	
Other Administration	284	34,798	40	
Total Administration	661	101,058	148	34.9%
MAINTENANCE				
Elevator	152	13,086	21	
Fire Alarm System	236	13,247	17	
Janitorial	236	26,108	28	
Landscaping	557	22,406	34	
Plumbing	132	6,845	10	
Pool and Spa	107	11,851	8	
Security	151	40,957	57	
Trees	46	9,844	9	
Other Maintenance	605	54,201	82	
Total Maintenance	650	100,550	144	29.5%
UTILITIES				
Cable	43	21,254	8	
Garbage Collection	350	22,388	41	
Gas/Electricity	578	20,398	34	
Telephone	279	6,341	14	
Water and Sewer	580	29,989	44	
Other Utilities	28	41,205	22	
Total Utilities	607	67,308	107	21.3%
REPLACEMENT				
Litigation Expense	19	1,265,119	732	
Defect Provision	4	1,933,726	1,655	
Landscape/Trees	144	19,649	26	
Painting/Waterproofing	71	41,936	47	
Paving	63	21,973	25	
Pool, Spa	48	10,872	7	
Replacement Provision	11	3,007,369	1,504	
Roofing	71	41,170	41	
Other Replacement	407	65,685	133	
Total Replacement	450	173,746	198	14.4%
TOTAL EXPENSES	661	380,028	522	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES				
Size	ALL	County	ALL	
Age	0-5 yrs old	Region	ALL	
Subtype	ALL	Sample:	215 HOAs	21,376 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	87	195,290	2,625
Reserve Liability	87	349,747	6,038
Unfunded Reserves Per Unit			3,412
Percent Funded	87		56%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	211	69,766	1,283
Cash, Replacement	187	129,021	2,697
Cash, Other	-	-	-
Total Assets	213	182,383	3,639

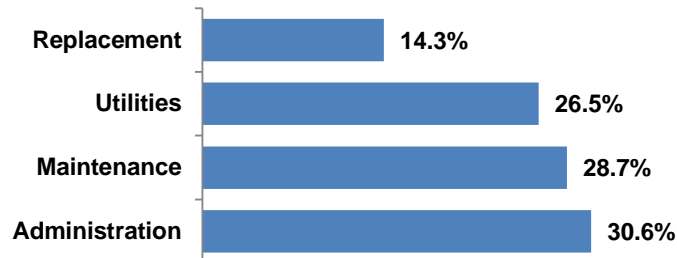
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	119	270,966	265	74.8%
Assessments, Replacmnt	110	72,076	84	25.2%
Assessment, Regular	119	337,591	342	100.0%
Assessments, Other	37	95,672	101	
Comcast Income	1	6,531	2	
Interest Income	178	392	0	
Laundry Income	2	2,008	7	
Insurance Settlement	7	54,323	86	
Litigation Settlement	1	925,000	2,569	
Other Revenues	206	29,355	131	
TOTAL REVENUES	213	240,122	351	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	55	1,847	5	
Income Taxes	67	2,450	4	
Insurance	207	13,111	33	
Professional Services	205	19,336	48	
Monthly Accounting	-	-	-	
Office, Printing	205	4,895	8	
Other Administration	79	9,686	11	
Total Administration	210	43,318	99	46.7%
MAINTENANCE				
Elevator	39	17,646	24	
Fire Alarm System	68	13,677	20	
Janitorial	60	46,619	31	
Landscaping	164	15,556	29	
Plumbing	13	5,948	6	
Pool and Spa	12	15,123	7	
Security	24	49,888	34	
Trees	11	7,003	8	
Other Maintenance	179	64,245	48	
Total Maintenance	191	104,710	97	28.2%
UTILITIES				
Cable	14	4,323	10	
Garbage Collection	85	22,576	32	
Gas/Electricity	156	16,928	27	
Telephone	65	6,266	13	
Water and Sewer	161	24,922	32	
Other Utilities	14	3,878	10	
Total Utilities	180	50,524	74	19.1%
REPLACEMENT				
Litigation Expense	1	384,700	1,069	
Defect Provision	-	-	-	
Landscape/Trees	18	19,723	33	
Painting/Waterproofing	5	26,059	112	
Paving	5	13,917	24	
Pool, Spa	1	6,787	2	
Replacement Provision	1	540,300	1,501	
Roofing	2	1,545	4	
Other Replacement	69	28,952	143	
Total Replacement	84	36,938	151	6.0%
TOTAL EXPENSES	211	195,704	309	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES				
Size	ALL	County	San Francisco	
Age	ALL	Region	North	
Subtype	Condos	Sample:	560 HOAs	20,847 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	282	452,272	22,916
Reserve Liability	282	950,086	43,743
Unfunded Reserves Per Unit			20,828
Percent Funded	282		48%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	551	69,833	3,192
Cash, Replacement	523	299,582	16,780
Cash, Other	3	121,666	1,209
Total Assets	555	352,296	18,988

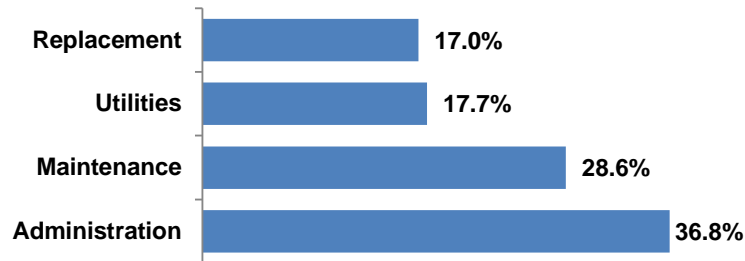
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	324	429,488	1,281	81.5%
Assessments, Replacmnt	292	95,380	307	18.5%
Assessment, Regular	324	515,448	1,558	100.0%
Assessments, Other	110	247,726	1,297	
Comcast Income	21	21,134	136	
Interest Income	504	1,146	3	
Laundry Income	56	6,116	9	
Insurance Settlement	39	71,183	155	
Litigation Settlement	8	1,371,031	1,218	
Other Revenues	535	32,902	309	
TOTAL REVENUES	558	406,749	1,493	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	147	(445)	3	
Income Taxes	141	2,798	8	
Insurance	548	21,335	116	
Professional Services	556	24,438	92	
Monthly Accounting	21	7,873	35	
Office, Printing	537	4,389	15	
Other Administration	203	78,938	244	
Total Administration	558	83,585	317	30.6%
MAINTENANCE				
Elevator	254	15,076	48	
Fire Alarm System	260	9,501	29	
Janitorial	279	32,744	62	
Landscaping	360	7,824	37	
Plumbing	215	6,361	25	
Pool and Spa	22	10,830	7	
Security	91	93,842	240	
Trees	18	4,621	12	
Other Maintenance	515	116,607	382	
Total Maintenance	553	160,097	496	28.7%
UTILITIES				
Cable	54	17,028	33	
Garbage Collection	478	15,908	72	
Gas/Electricity	505	31,125	112	
Telephone	325	5,075	23	
Water and Sewer	502	27,196	93	
Other Utilities	47	10,786	21	
Total Utilities	523	76,578	282	26.5%
REPLACEMENT				
Litigation Expense	7	355,015	388	
Defect Provision	2	1,104,669	2,119	
Landscape/Trees	30	11,249	45	
Painting/Waterproofing	92	51,381	297	
Paving	14	14,017	19	
Pool, Spa	8	39,823	37	
Replacement Provision	15	412,211	1,240	
Roofing	60	62,031	360	
Other Replacement	314	78,822	440	
Total Replacement	348	121,965	609	14.3%
TOTAL EXPENSES	558	390,086	1,453	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES				
Size	ALL	County	Santa Clara	
Age	ALL	Region	North	
Subtype	Planned Dvlp	Sample:	187 HOAs	17,280 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	100	427,494	5,355
Reserve Liability	100	834,520	11,185
Unfunded Reserves Per Unit			5,830
Percent Funded	100		51%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	186	46,754	967
Cash, Replacement	181	283,130	5,190
Cash, Other	-	-	-
Total Assets	187	320,550	5,985

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	104	161,853	172	64.8%
Assessments, Replacmnt	103	95,678	103	35.2%
Assessment, Regular	104	256,611	274	100.0%
Assessments, Other	9	66,346	41	
Comcast Income	12	4,051	3	
Interest Income	181	1,025	1	
Laundry Income	2	8,380	7	
Insurance Settlement	7	37,619	101	
Litigation Settlement	1	461,698	726	
Other Revenues	184	23,229	108	
TOTAL REVENUES	187	173,982	269	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	53	(1,921)	(1)	
Income Taxes	48	1,422	2	
Insurance	186	14,492	27	
Professional Services	186	18,418	35	
Monthly Accounting	2	7,649	8	
Office, Printing	185	3,855	7	
Other Administration	82	3,006	3	
Total Administration	187	37,768	69	36.8%
MAINTENANCE				
Elevator	1	3,538	4	
Fire Alarm System	9	9,782	12	
Janitorial	32	6,194	4	
Landscaping	179	23,480	39	
Plumbing	26	4,380	4	
Pool and Spa	49	7,927	8	
Security	26	17,102	7	
Trees	25	13,587	9	
Other Maintenance	175	13,906	30	
Total Maintenance	182	45,126	74	28.6%
UTILITIES				
Cable	2	52,166	57	
Garbage Collection	42	18,507	21	
Gas/Electricity	168	4,592	7	
Telephone	15	2,512	11	
Water and Sewer	176	23,580	32	
Other Utilities	6	1,029	2	
Total Utilities	183	31,950	44	17.7%
REPLACEMENT				
Litigation Expense	-	-	-	
Defect Provision	-	-	-	
Landscape/Trees	46	16,954	25	
Painting/Waterproofing	15	110,223	88	
Paving	33	19,571	29	
Pool, Spa	20	13,621	15	
Replacement Provision	1	165,486	93	
Roofing	20	56,985	74	
Other Replacement	115	30,195	51	
Total Replacement	127	64,009	88	17.0%
TOTAL EXPENSES	187	156,425	244	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES			
Size	ALL	County	ALL
Age	ALL	Region	ALL
Subtype	Condos	Sample:	1,864 HOAs 119,242 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	1,149	514,065	10,977
Reserve Liability	1,149	1,096,947	22,682
Unfunded Reserves Per Unit			11,706
Percent Funded	1,149		47%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	1,835	64,462	1,838
Cash, Replacement	1,776	424,243	10,103
Cash, Other	18	898,572	3,841
Total Assets	1,854	478,919	11,534

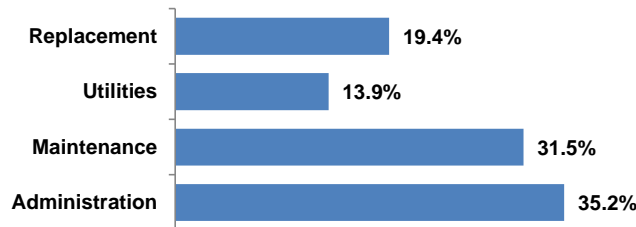
INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	1,357	306,308	554	70.6%
Assessments, Replacmnt	1,301	120,244	176	29.4%
Assessment, Regular	1,356	421,900	723	100.0%
Assessments, Other	265	202,486	657	
Comcast Income	172	10,698	22	
Interest Income	1,757	1,891	2	
Laundry Income	243	9,157	8	
Insurance Settlement	176	53,769	83	
Litigation Settlement	26	1,529,674	1,111	
Other Revenues	1,796	31,069	160	
TOTAL REVENUES	1,857	397,511	804	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	807	1,730	3	
Income Taxes	635	2,227	4	
Insurance	1,840	26,837	68	
Professional Services	1,845	25,088	59	
Monthly Accounting	60	9,421	19	
Office, Printing	1,799	5,105	10	
Other Administration	891	27,572	70	
Total Administration	1,854	78,804	179	28.2%
MAINTENANCE				
Elevator	572	12,154	30	
Fire Alarm System	747	9,942	18	
Janitorial	909	20,601	31	
Landscaping	1,571	20,665	35	
Plumbing	691	7,590	14	
Pool and Spa	540	8,194	9	
Security	363	42,851	89	
Trees	194	9,114	9	
Other Maintenance	1,790	73,702	157	
Total Maintenance	1,841	121,938	241	27.0%
UTILITIES				
Cable	139	26,747	28	
Garbage Collection	1,440	23,066	48	
Gas/Electricity	1,754	25,161	53	
Telephone	754	5,855	16	
Water and Sewer	1,746	34,111	58	
Other Utilities	89	11,463	24	
Total Utilities	1,803	81,009	156	24.9%
REPLACEMENT				
Litigation Expense	26	511,911	427	
Defect Provision	3	1,932,025	1,757	
Landscape/Trees	439	18,083	26	
Painting/Waterproofing	296	58,814	137	
Paving	252	27,077	31	
Pool, Spa	201	10,515	8	
Replacement Provision	50	602,815	814	
Roofing	339	58,560	112	
Other Replacement	1,321	77,096	188	
Total Replacement	1,432	134,020	275	19.9%
TOTAL EXPENSES	1,855	381,976	781	100%

2018 CALIFORNIA COMMUNITY ASSOCIATION FINANCIAL SURVEY

SELECTION VARIABLES			
Size	ALL	County	ALL
Age	ALL	Region	ALL
Subtype	Planned Dvlp	Sample:	1,287 HOAs 193,827 Units

Expenses



PERCENT FUNDED			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
Reserve Cash	759	488,330	4,486
Reserve Liability	759	832,342	8,575
Unfunded Reserves Per Unit			4,089
Percent Funded	759		59%

BALANCE SHEET			
	No. HOAs	Average \$\$\$	\$\$\$/ Unit
ASSETS			
Cash, Operating	1,270	68,499	815
Cash, Replacement	1,230	385,446	4,351
Cash, Other	17	343,089	1,086
Total Assets	1,280	442,909	5,005

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
REVENUES				
Assessments, Operations	869	215,305	156	68.8%
Assessments, Replacmnt	842	101,294	85	31.2%
Assessment, Regular	869	313,452	238	100.0%
Assessments, Other	92	124,387	121	
Comcast Income	79	6,594	3	
Interest Income	1,232	2,501	1	
Laundry Income	13	13,796	6	
Insurance Settlement	48	26,596	33	
Litigation Settlement	6	5,553,482	2,032	
Other Revenues	1,266	24,785	67	
TOTAL REVENUES	1,284	275,381	249	

INCOME STATEMENT				
	No. HOAs	Average \$\$\$	\$\$\$ PUPM	Pct
EXPENSES				
ADMINISTRATION				
Bad Debt (Recovery)	525	2,432	2	
Income Taxes	373	1,908	1	
Insurance	1,273	15,418	20	
Professional Services	1,278	27,001	28	
Monthly Accounting	29	9,356	6	
Office, Printing	1,264	6,521	6	
Other Administration	616	13,056	7	
Total Administration	1,283	65,782	62	35.2%
MAINTENANCE				
Elevator	8	10,940	23	
Fire Alarm System	61	8,935	14	
Janitorial	266	7,278	4	
Landscaping	1,189	37,312	38	
Plumbing	102	4,088	4	
Pool and Spa	387	11,536	9	
Security	226	43,019	10	
Trees	219	12,655	10	
Other Maintenance	1,195	31,947	24	
Total Maintenance	1,252	81,857	68	31.5%
UTILITIES				
Cable	39	36,922	22	
Garbage Collection	315	14,697	18	
Gas/Electricity	1,111	7,882	7	
Telephone	199	3,757	4	
Water and Sewer	1,131	22,411	25	
Other Utilities	30	32,483	6	
Total Utilities	1,205	34,768	36	13.9%
REPLACEMENT				
Litigation Expense	7	1,674,288	625	
Defect Provision	1	1,938,830	1,346	
Landscape/Trees	457	24,125	19	
Painting/Waterproofing	156	57,453	52	
Paving	285	37,925	30	
Pool, Spa	193	14,858	16	
Replacement Provision	23	949,457	359	
Roofing	171	67,388	64	
Other Replacement	875	37,275	50	
Total Replacement	991	102,502	93	19.4%
TOTAL EXPENSES	1,284	257,288	234	100%

2018 Northern California Community Association Financial Survey

Levy, Erlanger & Company LLP, CPAs

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3,151 Community Associations

Representing 313,069 Individual Units

Association Reserves And Percent Funded

Revenues And Expenses By Association...

Size (Units)

Age (Years)

Location (County)

Subdivision Type (Condo v. PUD)

Comparison With 2016 Financial Survey

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