

Independent Auditor's Report

The Board of Directors
Waikoloa Village Association:

We have audited the accompanying balance sheets of the Waikoloa Village Association (a Corporation) as of December 31, 2004 and 2003 and the related statements of revenues and expenses, changes in members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Waikoloa Village Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Waikoloa Village Association as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information included in Schedule 1, Supplementary Information on Future Major Repairs and Replacements, is not a required part of the basic financial statements of Waikoloa Village Association but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

February 1, 2005

WAIKOLOA VILLAGE ASSOCIATION

Balance Sheets

December 31, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>	<u>Liabilities and Members' Equity</u>	<u>2004</u>	<u>2003</u>
Currents assets:			Current liabilities:		
Cash and cash equivalents - undesignated	\$ 278,702	128,841	Accounts payable	\$ 56,038	193,715
Cash and cash equivalents - designated for future major repairs and replacements	213,294	213,134	Accrued payroll and related costs	93,385	79,188
Construction deposits	175,617	135,505	Construction deposits	175,558	135,505
Accounts receivable, net of allowance for doubtful accounts of \$43,000 in 2004 and \$63,000 in 2003	33,949	68,158	Deferred revenues	370,894	326,383
Golf merchandise inventory	50,203	41,051	Current portion of obligation under capital lease	<u>15,753</u>	<u>-</u>
Prepaid expenses	<u>9,236</u>	<u>27,983</u>	Total current liabilities	<u>711,628</u>	<u>734,791</u>
Total current assets	<u>761,001</u>	<u>614,672</u>	Obligation under capital lease - net of current portion	<u>72,204</u>	<u>-</u>
Property and equipment:			Total liabilities	<u>783,832</u>	<u>734,791</u>
Land and improvements	6,534,350	6,402,611	Members' equity:		
Buildings	1,996,271	1,996,271	Undesignated	7,285,461	7,143,963
Equipment	1,245,948	1,235,940	Designated for future major repairs and replacements	<u>213,294</u>	<u>213,134</u>
Furniture and fixtures	<u>108,117</u>	<u>102,517</u>		<u>7,498,755</u>	<u>7,357,097</u>
	9,884,686	9,737,339			
Less accumulated depreciation	<u>2,463,442</u>	<u>2,266,323</u>			
Net property and equipment	<u>7,421,244</u>	<u>7,471,016</u>			
Assets under capital lease, net of accumulated amortization of \$3,889 in 2004.	89,442	-			
Deferred tax asset	<u>10,900</u>	<u>6,200</u>			
	<u>\$ 8,282,587</u>	<u>8,091,888</u>		<u>\$ 8,282,587</u>	<u>8,091,888</u>

See accompanying notes to financial statements.

WAIKOLOA VILLAGE ASSOCIATION

Statements of Revenues and Expenses

For years ended December 31, 2004 and 2003

	Membership	Operations	Total	
			2004	2003
Revenue:				
Dues	\$ 1,253,823	-	1,253,823	992,780
Green fees	-	902,819	902,819	903,553
Golf rentals	-	402,746	402,746	475,827
Merchandise sales	-	158,575	158,575	176,780
Lease rent	78,337	-	78,337	78,193
Waikoloa Open	-	50,466	50,466	56,030
Driving range	-	23,657	23,657	26,908
Other	113,544	15,137	128,681	103,018
	<u>1,445,704</u>	<u>1,553,400</u>	<u>2,999,104</u>	<u>2,813,089</u>
Operating expenses:				
Cost of sales	-	101,094	101,094	126,119
Salaries and wages, payroll taxes and benefits	368,089	1,004,002	1,372,091	1,307,468
Utilities	34,576	331,284	365,860	494,941
Taxes and licenses	22,377	95,962	118,339	300,077
Depreciation and amortization	37,588	163,620	201,208	240,870
Advertising and promotion	58,239	71,980	130,219	176,402
Repairs and maintenance	23,795	114,931	138,726	133,957
Supplies	23,996	71,859	95,855	105,343
Professional fees	79,219	3,633	82,852	88,399
Insurance	18,835	87,411	106,246	87,200
Waikoloa Open	-	50,947	50,947	64,107
Charge card discounts	7,153	25,360	32,513	38,155
Fuel	-	40,123	40,123	31,515
Income tax (benefit) expense	-	(8,800)	(8,800)	16,400
Annual meeting	5,836	-	5,836	8,139
Equipment rent	7,890	50	7,940	7,816
Interest expense	-	1,246	1,246	-
Bad debt (recovery) expense	(19,432)	-	(19,432)	1,681
Other	36,509	405	36,914	37,102
Allocated administration	(114,998)	114,998	-	-
	<u>589,672</u>	<u>2,270,105</u>	<u>2,859,777</u>	<u>3,265,691</u>
Excess (deficiency) of revenues over expenses from operations	<u>\$ 856,032</u>	<u>(716,705)</u>	139,327	(452,602)
Interest and dividend income			2,131	3,639
Gain on sale of asset			200	-
Excess (deficiency) of revenues over expenses			<u>\$ 141,658</u>	<u>(448,963)</u>

See accompanying notes to financial statements.

WAIKOLOA VILLAGE ASSOCIATION

Statements of Changes in Members' Equity

For years ended December 31, 2004 and 2003

	<u>Total</u>	<u>Undesignated</u>	<u>Designated for Future Major Repairs and Replacements</u>
Members' equity - January 1, 2003	\$ 7,806,060	7,167,979	638,081
Deficiency of revenues over expenses	(448,963)	(448,963)	-
Assessments for future major repairs and replacements	-	(60,603)	60,603
Replacement funds borrowed for operations	-	63,711	(63,711)
Major repairs and replacements:			
Furniture and equipment	-	20,128	(20,128)
Restaurant improvements	-	5,059	(5,059)
Building improvements - ADA repairs	-	399,874	(399,874)
Total expenses for repairs and replacements	-	425,061	(425,061)
Interest earned on reserve funds	-	(3,222)	3,222
Members' equity - December 31, 2003	<u>7,357,097</u>	<u>7,143,963</u>	<u>213,134</u>
Excess of revenues over expenses	141,658	141,658	-
Repayment of funds borrowed for operations	-	(60,000)	60,000
Assessments for future major repairs and replacements	-	(83,235)	83,235
Major repairs and replacements:			
Furniture and equipment	-	1,257	(1,257)
Golf course improvements	-	61,718	(61,718)
Pavement and fences	-	34,950	(34,950)
Tennis court improvements	-	8,539	(8,539)
Restaurant improvements	-	5,600	(5,600)
Building improvements - ADA repairs	-	32,864	(32,864)
Total expenses for repairs and replacements	-	144,928	(144,928)
Interest earned on reserve funds	-	(1,853)	1,853
Members' equity - December 31, 2004	<u><u>\$ 7,498,755</u></u>	<u><u>7,285,461</u></u>	<u><u>213,294</u></u>

See accompanying notes to financial statements.

WAIKOLOA VILLAGE ASSOCIATION

Statements of Cash Flows

For the years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	<u>\$ 141,658</u>	<u>(448,963)</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided (used) by operating activities:		
Depreciation and amortization	201,208	240,870
Provision for losses on accounts receivable	(20,000)	1,681
Deferred taxes	(4,700)	16,400
Gain on the sale of property and equipment	(200)	-
(Increase) decrease in:		
Accounts receivable	54,209	(39,540)
Inventory	(9,152)	39,568
Prepaid expenses	18,747	17,131
Increase (decrease) in:		
Accounts payable	(137,677)	104,305
Accrued expenses	14,197	(10,938)
Construction deposits	(59)	-
Deferred revenues	44,511	(12,901)
	<u>161,084</u>	<u>356,576</u>
Total adjustments		
	<u>302,742</u>	<u>(92,387)</u>
Cash flows used by investing activities:		
Proceeds from sale of asset	1,000	-
Cash paid for capital lease	(1,000)	-
Capital expenditures for property and equipment	<u>(148,347)</u>	<u>(435,185)</u>
Net cash used by investing activities	<u>(148,347)</u>	<u>(435,185)</u>
Cash flows used by financing activities:		
Repayments on capital lease obligations	<u>(4,374)</u>	<u>-</u>
Net cash used by financing activities	(4,374)	-
Net increase (decrease) in cash	150,021	(527,572)
Cash and cash equivalents, beginning of year	<u>341,975</u>	<u>869,547</u>
Cash and cash equivalents, end of year	<u><u>\$ 491,996</u></u>	<u><u>341,975</u></u>

(Continued)

WAIKOLOA VILLAGE ASSOCIATION

Statements of Cash Flows, Continued

	<u>2004</u>	<u>2003</u>
Summary of cash accounts:		
Cash and cash equivalents - undesignated	\$ 278,702	128,841
Cash and cash equivalents - designated for future major repairs and replacements	213,294	213,134
	<u>\$ 491,996</u>	<u>341,975</u>

Supplemental Disclosure of Cash Flow Information

	<u>2004</u>	<u>2003</u>
Cash paid during the year for:		
Interest	\$ 1,246	-
Taxes	-	-

Supplemental Schedule of Noncash Investing and Financing Activities

There were no noncash investing or financing activities in 2003.

In 2004, the Association leased equipment in the amount of \$93,331 that was capitalized on the balance sheet as assets under capital lease. Of this amount, \$92,331 is being financed by the lease and is recorded as an obligation under capital leases.

See accompanying notes to financial statements.

WAIKOLOA VILLAGE ASSOCIATION

Notes to Financial Statements

December 31, 2004 and 2003

(1) Organization and Summary of Significant Accounting Policies

Organization

Waikoloa Village Association (the Association) is an incorporated property owners' association located on the island of Hawaii. The Association provides for the management, maintenance, protection, preservation and development of property within the area known as "Waikoloa Village". The Association is responsible for the operation and maintenance of the common property within the development. The development consists of approximately 2,500 residential and condominium units located on approximately 10,000 acres in Waikoloa, Hawaii. The goal of the Association is to promote the health, safety, recreation, sports, entertainment and athletic activities within the community. To that end the Association operates a golf course and leases other facilities used by its members, other residents of Hawaii and tourists. A significant portion of golf revenues is received from nonmember Hawaii residents and tourists. As required by its bylaws, the board of directors is comprised of members of the Association.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. At December 31, 2004, the Association had cash balances that exceeded the limits for federal insurance by approximately \$230,000.

Construction Deposits

Construction deposits of \$2,500 are provided to the Association prior to the commencement of construction. The Association provides guidelines which members must comply with during the construction process. If unapproved changes are made the Association reserves the right to use this deposit to remediate the problem. Prior to April 21, 2004, construction deposits were maintained in individual interest bearing accounts at Solomon Smith Barney and American Savings Bank. After April 21, 2004, new construction deposits are maintained in one American Savings Bank account with interest accruing to the Association. Upon completion of the construction project, if all guidelines have been met, the original deposit is returned to the member. The Association maintains a liability for the trust deposits provided to the Association prior to commencement of construction.

Golf Merchandise Inventory

Golf merchandise inventory is stated at the lower of cost or market, with cost determined on the first-in, first-out basis.

WAIKOLOA VILLAGE ASSOCIATION

Notes to Financial Statements, Continued

Accounts Receivable and Allowance for Doubtful Accounts

Association members are subject to yearly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable on the balance sheet date represent assessments due from property owners and other trade receivables. The Association's policy is to assess a penalty on properties of homeowners whose assessments are thirty days or more delinquent and to retain legal counsel and place liens on properties with assessments that become significantly past due. Any excess assessments at year end are retained by the Association for use in future years. As of December 31, 2004 and 2003, there was approximately \$60,000 and \$113,000, respectively in receivables 90 days or more past due. An allowance for doubtful accounts has been established based on a percentage of accounts receivable outstanding, payment history, and present market conditions. A review of the delinquent accounts is done periodically. Accounts are written off when deemed uncollectible. Accounts receivable are net of allowances for doubtful accounts of \$43,000 and \$63,000 at December 31, 2004 and 2003.

Property and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. According to the Association's governing documents, any exchange, sale, or other disposition of any real property owned by the Association requires the approval of two-thirds of the members present at a meeting of the Association, notice of the meeting must disclose that such a transaction is being considered.

Property and equipment acquired by the Association are recorded at cost. Property contributed to the Association by the developer is recorded at estimated fair value at the date of contribution. Land and buildings consist predominantly of property contributed to the Association by Boise Cascade Home and Land Corporation and its successor in interest, Transcontinental Development Co. Boise Cascade, developer of the Waikoloa Village, agreed to convey approximately 10,000 acres of land and improvements to the Association. Accordingly, in 1975, the Clubhouse, swimming pool, tennis courts and approximately 2,000 acres of land were conveyed to the Association. In 1987, the remaining 8,000 acres were conveyed to the Association. These properties have been recorded at their fair value based on either their assessed value for real property tax purposes or their appraised value as determined by a private appraisal company as follows:

	<u>Recorded Value</u>	<u>Basis for Recorded Value</u>
Property conveyed in 1975:		
Land and improvements - approximately 2,000 acres	\$ 652,600	Assessed Value
Clubhouse, swimming pool, tennis courts	137,400	Assessed Value
Property conveyed in 1987:		
Land - approximately 8,000 acres	4,800,000	Private Appraisal
Maintenance buildings	<u>166,397</u>	Assessed Value
	5,756,397	
Other property and equipment acquired by the Association	<u>4,128,289</u>	Cost
	\$ <u>9,884,686</u>	

WAIKOLOA VILLAGE ASSOCIATION

Notes to Financial Statements, Continued

Depreciation on all property and equipment is recorded on the straight-line basis over the estimated useful lives of the respective assets. Repairs and maintenance are charged directly to income, and expenditures for renewals and betterments are capitalized. Cost and related accumulated depreciation of property and equipment retired or otherwise disposed are eliminated from the accounts at the time of retirement or sale, and gain or loss is credited or charged to income. Depreciation expense of \$197,319 and \$194,203 in 2004 and 2003, respectively, is included in depreciation and amortization expense.

Equipment acquired under a capital lease is amortized using the straight-line method over the estimated useful lives of the respective assets. Amortization expense of \$3,889 and \$46,667 in 2004 and 2003 respectively is included in depreciation and amortization expense.

Income Tax

For income tax purposes, the Association is taxed under Internal Revenue Code Section 277, which requires that the Association pay tax on the excess of its membership income over its membership operating expenses as well as its excess non-membership income over non-membership expenses. Pursuant to Internal Revenue Service Revenue Ruling 70-604 the Association may elect to apply its excess membership income to reduce the future year's membership fee assessments and as a result pay tax only on the excess of its non-membership income. The Association records income tax expense for its excess non-membership income only.

Deferred Revenues

In accordance with generally accepted accounting principles, revenues and expenses are recorded when earned and incurred. Deferred revenues consist primarily of association assessments which were collected but not earned during the year.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred.

Use of Estimates

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

(2) Leases

The Association leases equipment used in its operations and classifies those leases as either operating or capital leases following the provision of SFAS No. 13, "Accounting for Leases." In 2004, the Association entered into a five year lease for ground maintenance equipment for the golf course. This lease is accounted for as a capital lease. The payments for this lease totaled \$5,620 in 2004.

Rental expense for the operating lease is summarized below:

	<u>2004</u>	<u>2003</u>
Minimum rent	<u>\$ 8,161</u>	<u>7,816</u>
	<u>\$ 8,161</u>	<u>7,816</u>

WAIKOLOA VILLAGE ASSOCIATION

Notes to Financial Statements, Continued

(2) Leases (continued)

At December 31, 2004 the future minimum lease commitments under capital leases and the non-cancelable operating lease were as follows:

	<u>Operating lease</u>	<u>Capital lease</u>
Year ending December 31:		
2005	\$ 8,161	22,480
2006	2,040	22,480
2007	-	22,480
2008	-	22,480
2009	-	16,857
	<u>\$ 10,201</u>	106,777
Total minimum lease payments		
		<u>18,820</u>
Less amount representing interest at 8.32%		
		87,957
Present value minimum lease payments		
		<u>15,753</u>
Less current portion of obligation under capital lease		
		<u>72,204</u>

Rental Income Leases

The Association has entered into various agreements to lease land and other real property for periods ranging from two to sixty years. In addition other real property is leased on a month-to-month or year-to-year basis. Land and property leased under these agreements has a carrying value of \$1,225,000. Rental income is comprised as follows:

	<u>2004</u>	<u>2003</u>
Minimum rents	\$ 67,391	59,407
Contingent rents	10,946	18,786
	<u>\$ 78,337</u>	<u>78,193</u>

WAIKOLOA VILLAGE ASSOCIATION

Notes to Financial Statements, Continued

Future minimum rental income under non-cancelable leases to be received as of December 31, 2004 is as follows:

	<u>Future Minimum Rental Income</u>
Year ending December 31:	
2005	\$ 66,000
2006	54,000
2007	44,000
2008	30,000
2009	30,000
Thereafter	<u>1,547,000</u>
Total	<u>\$ 1,771,000</u>

(3) Union Contract

Golf course maintenance workers, based on wages paid, comprise approximately fifty percent of the Association's workforce. They are employed under a union contract which expires in May 2005.

(4) Employee Benefit Plan

The Association has a profit sharing plan for all non-bargaining unit employees who meet the qualifications of the plan. Employer contributions are determined by the Board of Directors of the Association. The plan includes a salary reduction provision under which employees can elect to contribute up to \$40,000 but no more than 25% of annual compensation. The Association's Board of Directors passed a resolution to contribute \$15,000 a year to the pension plan. For 2004 and 2003, the Association made contributions of \$15,000 for each year which is approximately 4% of total salaries.

Bargaining unit employees are covered under a pension plan as part of their union contract. The pension plan provision calls for an employer contribution of \$.20 per hour of compensation. Effective June 1, 2003, the rate was increased to \$.30 per hour of compensation. The Association contributed approximately \$10,345 and \$8,100 to the plan in 2004 and 2003, respectively.

(5) Future Major Repairs and Replacements

Neither the Association's governing documents nor current Hawaii state law requires the Association to accumulate funds for future major repairs and replacements. However, in 1992, the Association's board of directors adopted a program to accumulate such funds. Accumulated funds, which aggregate \$213,294 and \$213,134 at December 31, 2004 and 2003, respectively, are held in separate accounts and are generally not available for operating purposes. It is the Association's policy that interest earned on such funds is allowed to accumulate in those accounts.

The Association's board of directors conducted a study in October 1998 to estimate the remaining useful lives and the replacement costs of the common property components. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association may increase regular assessment or levy special assessments, or it may delay major repairs and replacements until funds are available.

WAIKOLOA VILLAGE ASSOCIATION

Notes to Financial Statements, Continued

(6) Income Taxes

For income tax purposes the Association reallocates its operating income and expenses between amounts which are received from or benefit the membership and those amounts which are received from or benefit non-members. Thus all operations of the association were reallocated for tax purposes for the years ended December 31, 2004 and 2003 as follows:

	<u>2004</u>	<u>2003</u>
Membership operations	\$ 409,272	33,607
Non-membership operations	(267,614)	(482,570)
	<u>\$ 141,658</u>	<u>(448,963)</u>

Income tax (benefit) expense is comprised of the following components:

	<u>2004</u>	<u>2003</u>
Current:		
Federal	\$ -	-
State	(4,100)	-
	<u>(4,100)</u>	<u>-</u>
Deferred:		
Federal	(3,900)	14,200
State	(800)	2,200
	<u>(4,700)</u>	<u>16,400</u>
	<u>\$ (8,800)</u>	<u>16,400</u>

The difference between income tax benefit and the expected tax benefit computed using the U.S. federal corporate rate of 25% is reconciled below:

	<u>2004</u>	<u>2003</u>
Computed "expected" tax expense (benefit)	\$ 33,200	(108,100)
Increase (decrease) in tax resulting from:		
Member income		(8,400)
	(101,100)	
Net operating loss allowance	72,500	164,600
State income tax benefit		(17,700)
	(13,700)	
Other	300	(14,000)
	<u>\$ (8,800)</u>	<u>16,400</u>

WAIKOLOA VILLAGE ASSOCIATION

Notes to Financial Statements, Continued

(6) Income Taxes (continued)

The tax effects of the significant temporary differences which comprise the deferred tax assets and liabilities at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Deferred tax assets:		
Net operating loss carryforward	\$ 280,600	208,100
Net operating loss valuation allowance	(280,600)	(208,100)
Depreciation	<u>11,000</u>	<u>6,200</u>
Deferred tax asset	<u>11,000</u>	<u>6,200</u>
Deferred tax liability:		
Capital lease	<u>(100)</u>	<u>-</u>
Deferred tax liability	<u>(100)</u>	<u>-</u>
	<u>\$ 10,900</u>	<u>-</u>

The valuation allowance of \$280,600 and \$208,100 at December 31, 2004 and 2003, respectively, represents a provision for uncertainty as to the realization of the deferred tax asset from the net operating loss carry forward. For income tax purposes, approximately \$980,000 of net operating losses is available at December 31, 2004 to carry forward against income in future years. These carry forwards expire at various intervals in the years 2021 to 2024.

Management believes that it is more likely than not that all net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable, however, could be reduced in the near term based on changing conditions.

(7) Litigation

From November 2000 to May 2001, the Association was party to a lawsuit alleging that the Association unlawfully suspended a property owner's privileges. In April 2003, the Judge issued her findings that the Association was at fault and was responsible for the plaintiff's legal fees of approximately \$100,000. The verdict is currently being appealed. The Association has insurance to cover the costs, subject to the policy's terms, limits and conditions.

In addition, the Association is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect the Association's financial statements or results of operations.

(8) New Water Well

On February 5, 2005, the Association voted to borrow funds to dig a new water well. The Association has a permit to dig the well and a contractor has been identified but no other planning has been done and no time table has been established. The Association is in the process of exploring various options to finance the new well and estimates that the total cost of the new well will be approximately \$850,000. It has not been determined what portion of this cost will be paid with borrowed funds.

WAIKOLOA VILLAGE ASSOCIATION

Supplementary Information on Future
Major Repairs and Replacements (Compiled)

December 31, 2004

In October 1998, the Association's board of directors commissioned Armstrong & Associates, Inc. to perform a reserve study to estimate the remaining useful lives and the replacement costs of the components of common property. WVA's management has updated the study annually since 1999 and performed their last update of the estimated current replacement costs in October 2004. Replacement costs are based on the estimated costs to repair or replace the common property components at the latest date of the updated study. The study and the update do not take into account the effects of inflation between the dates of the studies and the dates that the components will require repair or replacement. Accordingly, actual replacement costs may vary from those estimates and the variations may be material.

The following information is based on the updated study and presents significant information about the components of common property. (Estimated amounts are rounded to the nearest thousand dollars.)

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost	Replacement Fund Balance at December 31, 2004
Buildings	0 – 15	\$ 156,000	24,443
Furniture and equipment	0 - 6	18,000	497
Pavements, fences and lights	0 – 20	114,000	64,541
Stable	0 – 13	77,000	3,400
Pool	0 - 5	69,000	4,817
Tennis Court	0 - 4	57,000	8,836
Pro Shop improvements	0 - 3	489,000	9,644
Restaurant improvements	0 - 6	119,000	793
Golf course improvements and Maintenance equipment	0 – 18	1,389,000	96,323
		\$ 2,488,000	213,294