MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2025 AND 2024

LEVY, ERLANGER & COMPANY LLP
San Francisco, California

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

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YEARS ENDED DECEMBER 31, 2025 AND 2024

LEVY, ERLANGER & COMPANY LLP

100 Montgomery Street, Suite 715
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INDEPENDENT AUDITOR'S REPORT

Board Of Directors
Moraga Country Club Homeowners Association
Moraga, California

Opinion

We have audited the accompanying financial statements of **Moraga Country Club Homeowners Association** (the Association), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Moraga Country Club Homeowners Association**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Moraga Country Club Homeowners Association**'s ability to continue as a going concern for a reasonable period of time.

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

Future Major Repairs and Replacements

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

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

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Levy, Erlanger & Company LLP

March 27, 2026

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	2025					2024
	Operations Fund	Capital Replacement Fund	Recreation Fund	Capital Development Fund	Total Funds	Total Funds
ASSETS						
Cash and cash equivalents (Note 2)	$ 2,502,099	$ 3,464,420	$ 3,485,499	$ 220,513	$ 9,672,531	$ 10,079,432
Assessments receivable, less allowance for doubtful accounts of $40,000 and $20,000, respectively (Note 2)	1,934,598				1,934,598	1,714,074
Prepaid expenses	163,132	7,608			170,740	164,040
Prepaid income taxes						2,154
Inventory (Note 2)	237,218				237,218	214,951
Beverage license	10,000				10,000	10,000
Right of use asset (Note 13)	988,068				988,068	1,013,383
Work in progress		57,619		118,844	176,463	278,518
Land, building, improvements, and equipment, less accumulated depreciation of $14,734,053 and $18,011,610 (Note 8)	22,348,155	1,676,344			24,024,499	24,278,682
Contract assets-capital replacement fund expenses incurred in advance of member assessments (Notes 2 and 4)		2,798,754			2,798,754	1,767,896
Total assets	$ 28,183,270	$ 8,004,745	$ 3,485,499	$ 339,357	$ 40,012,871	$ 39,523,130
LIABILITIES						
Accounts payable	$ 423,339	$ 639,486	$ -	$ -	$ 1,062,825	$ 954,443
Capitalized equipment lease obligations (Note 12)		418,374			418,374	336,685
Water rights settlement payable (Note 10)	1,056,818				1,056,818	1,027,894
Salary and vacation payable	849,547				849,547	650,490
Deposits	215,500		1,000,000		1,215,500	1,230,500
Assessments and dues billed in advance	1,133,571	228,029			1,361,600	1,229,665
Deferred revenue	58,241				58,241	43,089
Income taxes payable	1,257	6,972	11,149		19,378	11,427
Land lease liability (Note 13)	988,068				988,068	1,013,383
Bank loans payable (Note 9)	11,565,374	5,313,064			16,878,438	17,260,965
Equipment loan payable (Note 14)	170,314				170,314	237,333
Due to (due from) other funds	277,524	(277,524)				
Future major repairs and replacements (Note 3)	-	-	-	-	-	-
Total liabilities	16,739,553	6,328,401	1,011,149	-	24,079,103	23,995,874
COMMITMENTS (NOTE 6)	-	-	-	-	-	-
FUND BALANCE (DEFICIT)	11,443,717	1,676,344	2,474,350	339,357	15,933,768	15,527,256
Total liabilities and fund balance	$ 28,183,270	$ 8,004,745	$ 3,485,499	$ 339,357	$ 40,012,871	$ 39,523,130

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025					2024
	Operations Fund	Capital Replacement Fund	Recreation Fund	Capital Development Fund	Total Funds	Total Funds
REVENUES						
Assessments (Notes 2 and 4)	$ 5,214,168	$ 3,156,187	$ -	$ 25,008	$ 8,395,363	$ 6,720,057
Bad debt recovery (expense)	(20,000)				(20,000)	(10,784)
Infra loan debt service dues		593,940			593,940	475,152
Golf member dues	3,870,720	630,000	571,900	25,200	5,097,820	5,088,480
Golf membership refunds			(330,000)		(330,000)	(372,250)
Tennis and swimming dues	2,227,500				2,227,500	2,035,483
Golf shop, carts and course	1,521,264				1,521,264	1,301,892
Tennis and swimming initiation fees	381,180				381,180	425,500
Interest income (Note 2)	10,951	60,752	97,156		168,859	94,809
Restaurant operations	4,116,707				4,116,707	3,254,577
Tennis and swimming activities	804,101				804,101	803,930
Fitness income	159,922				159,922	139,240
Gain (loss) on disposal of assets	(31,740)				(31,740)	(109,742)
Other income	26,552	85,000	80,000		191,552	426,652
Total revenues	18,281,325	4,525,879	419,056	50,208	23,276,468	20,272,996
EXPENSES						
Administration						
Club functions	29,561	-	-	-	29,561	22,257
Depreciation and amortization	874,335	248,095			1,122,430	897,842
Income tax provision (Note 2)	3,057	16,960	27,124		47,141	26,419
Insurance	551,447				551,447	485,221
Interest expense	552,631	284,001			836,632	803,621
Legal and accounting	49,351				49,351	211,172
Office, printing and postage	350,711				350,711	337,674
Taxes and permits	190,667				190,667	194,140
	2,601,760	549,056	27,124	-	3,177,940	2,978,346
Maintenance and operations						
Golf course maintenance and supplies	822,193	-	-	-	822,193	714,960
Golf shop operations	309,310				309,310	280,295
Housekeeping operations	127,282				127,282	120,085
Janitorial services	88,957				88,957	108,197
Landscape contract	1,015,344				1,015,344	843,769
Payroll, payroll taxes and benefits	10,145,569				10,145,569	9,229,165
Pool and spa maintenance	248,480				248,480	184,021
Restaurant and bar	1,502,551				1,502,551	1,501,431
Other maintenance and operations	600,490				600,490	612,095
	14,860,176	-	-	-	14,860,176	13,594,018

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025					2024
	Operations Fund	Capital Replacement Fund	Recreation Fund	Capital Development Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)						
Utilities						
Garbage collection	$ 46,151	$ -	$ -	$ -	$ 46,151	$ 57,229
Gas and electricity	629,409				629,409	630,761
Telephone	26,325				26,325	24,914
Water and sewer	760,787				760,787	936,792
	1,462,672	-	-	-	1,462,672	1,649,696
Major repairs and replacements						
Driveways	-	209,320	-	-	209,320	142,983
Equipment						92,370
Fences and gates		30,000			30,000	16,869
Golf course		68,156			68,156	15,000
Landscaping, trees and trimming		470,516			470,516	836,639
Lighting and electrical systems		10,300			10,300	
Painting and waterproofing		181,350			181,350	298,048
Pool and spa		696,859			696,859	20,825
Recreation facility		63,161	12,500	96,171	171,832	65,702
Sewer and drainage		464,305			464,305	55,863
Sidewalks, paths and walkways		117,076			117,076	91,883
Siding and trim		333,605			333,605	376,516
Waterway		438,164			438,164	631,671
Other major repairs and replacements		221,800			221,800	125,284
	-	3,304,612	12,500	96,171	3,413,283	2,769,653
Total expenses	18,924,608	3,853,668	39,624	96,171	22,914,071	20,991,713
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(643,283)	672,211	379,432	(45,963)	362,397	(718,717)
INTERFUND RECLASSIFICATIONS AND TRANSFERS (NOTES 2 AND 4)	28,963	-	15,162	(10)	44,115	1,209,843
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	12,058,037	1,004,133	2,079,756	385,330	15,527,256	15,036,130
FUND BALANCE (DEFICIT), END OF YEAR	$ 11,443,717	$ 1,676,344	$ 2,474,350	$ 339,357	$ 15,933,768	$ 15,527,256

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025					2024
	Operations Fund	Capital Replacement Fund	Recreation Fund	Capital Development Fund	Total Funds	Total Funds
OPERATING ACTIVITIES						
Excess (deficiency) of revenues over expenses	$ (643,283)	$ 672,211	$ 379,432	$ (45,963)	$ 362,397	$ (718,717)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:						
Bad debt expense (recovery)	20,000	-	-	-	20,000	10,784
Depreciation and amortization	874,335	248,095			1,122,430	673,923
(Gain) loss on disposal of assets	31,740				31,740	109,742
Decrease (increase) in assets:						
Assessments receivable	(240,524)				(240,524)	(64,242)
Prepaid expenses	(4,280)	7,392			3,112	(21,773)
Prepaid insurance	(9,812)				(9,812)	33,453
Prepaid income taxes	281	1,050	813	10	2,154	(2,154)
Refundable deposits						55,000
Right of use asset	25,315				25,315	24,834
Contract assets-capital replacement fund expenses incurred in advance of member assessments		(1,030,858)			(1,030,858)	(783,864)
Inventory	(22,267)				(22,267)	(1,132)
Increase (decrease) in liabilities:						
Accounts payable	101,095	107,915		(100,628)	108,382	578,642
Deferred revenue	15,152				15,152	43,089
Salary and vacation payable	199,057				199,057	398,684
Deposits	(15,000)				(15,000)	9,199
Assessments and dues billed in advance	190,872	(54,753)		(4,184)	131,935	56,551
Land lease liability	(25,315)				(25,315)	(24,834)
Income taxes payable	(234)	1,401	6,836	(52)	7,951	2,215
Due to (due from) other funds	31,635	(35,819)		4,184		
Total adjustments	1,172,050	(755,577)	7,649	(100,670)	323,452	1,098,117
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	528,767	(83,366)	387,081	(146,633)	685,849	379,400
INVESTING ACTIVITIES						
Net (purchase) sale of property and equipment	20,319	(920,306)	-	-	(899,987)	(2,425,098)
Work in progress		102,055			102,055	(278,518)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	20,319	(818,251)	-	-	(797,932)	(2,703,616)

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025					2024
	Operations Fund	Capital Replacement Fund	Recreation Fund	Capital Development Fund	Total Funds	Total Funds
FINANCING ACTIVITIES						
Net bank loan borrowing (repayment)	$ (360,058)	$ (89,488)	$ -	$ -	$ (449,546)	$ 2,426,520
Capitalized equipment lease obligations		81,689			81,689	70,145
Water rights settlement payable	28,924				28,924	28,233
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(331,134)	(7,799)	-	-	(338,933)	2,524,898
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	217,952	(909,416)	387,081	(146,633)	(451,016)	200,682
INTERFUND RECLASSIFICATIONS AND TRANSFERS	28,963	-	15,162	(10)	44,115	1,209,843
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,255,184	4,373,836	3,083,256	367,156	10,079,432	8,668,907
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,502,099	$ 3,464,420	$ 3,485,499	$ 220,513	$ 9,672,531	$ 10,079,432
Supplemental Disclosures						
Interest paid	$ 552,631	$ 284,001	$ -	$ -	$ 836,632	$ 803,621
Income taxes paid	$ 28,091	$ 15,910	$ 26,311	$ (10)	$ 70,302	$ 53,407

See independent auditor's report and accompanying notes.

1. THE ASSOCIATION

Moraga Country Club Homeowners Association (the Association) is a common interest development located in Moraga, California which consists of 521 residential units, a country club (including golf and swimming facilities) and certain common area property. There are an additional 420 golf equity members, 275 swim and tennis affiliates, and 30 swim affiliates. The Association was organized as a nonprofit mutual-benefit corporation in August 1973 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), bylaws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. The Association's policy is to account for reserve fund expenditures using reserve fund assessments before reserve fund interest income.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2025 totaled approximately $9,926,000.

Contract assets - capital replacement fund expenses incurred in advance of member assessments. The Association recognizes revenue from member assessments as the related performance obligations are satisfied. A contract liability arises when the Association has the right to receive assessment payments in advance of the satisfaction of the related performance obligation. Conversely, a contract asset arises when the Association performs its contractual obligations in advance of the member assessments being billable. Accordingly, when replacement fund expenditures are incurred in advance of member assessments being billable, such amounts are accounted for as earned revenue and contract assets.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For federal purposes, the Association is taxed as a regular corporation at 21% of net nonmember income. California income taxes approximate 9% of taxable income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances. Interest and/or penalties levied by the taxing authorities, if any, are not included in income tax expense.

Inventories are recorded at cost on the first-in-first-out method.

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

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

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized. Real and personal property related to operations of the country club are capitalized and depreciated on the straight-line basis over the assets estimated useful lives of 3 to 40 years. It is the practice of the Association to pay for real and personal property related to the operations of the Association out of the replacement fund but transfer the capitalized asset and the related depreciation to the operations fund.

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

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

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

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

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

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

4. FASB ASC 606 ACCOUNTING GUIDANCE IMPLEMENTATION

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

2025 Assessment Revenues Reconciliation	Operations Fund	Replacement Fund	Capital Development Fund	**Total Funds**
Assessment revenues **per budget**	$ 5,214,168	$ 2,169,444	$ 25,008	**$ 7,408,620**
Effects of applying **guidance**				
Reclassify **interfund transfers**	-	(44,115)	-	**(44,115)**
Adjust **revenues to equal expenses**	-	1,030,858	-	**1,030,858**
Total effects of guidance	-	986,743	-	**986,743**
Assessment revenues **per financial statements**	$ 5,214,168	$ 3,156,187	$ 25,008	**$ 8,395,363**

2024 Assessment Revenues Reconciliation	Operations Fund	Replacement Fund	Capital Development Fund	**Total Funds**
Assessment revenues **per budget**	$ 5,114,136	$ 1,931,868	$ 100,032	**$ 7,146,036**
Effects of applying **guidance**				
Reclassify **interfund transfers**	-	(1,209,843)	-	**(1,209,843)**
Adjust **revenues to equal expenses**	-	783,864	-	**783,864**
Total effects of guidance	-	(425,979)	-	**(425,979)**
Assessment revenues **per financial statements**	$ 5,114,136	$ 1,505,889	$ 100,032	**$ 6,720,057**

5. INTERFUND ACCOUNTS

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

6. COMMITMENTS AND CONTINGENCIES

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

The Association has been named in three homeowner-related claims, including (1) a neighbor-to-neighbor fence dispute, (2) a claim related to an alleged wrongful eviction between a homeowner and tenant, and (3) a trip and fall incident on Moraga Way.

7. EMPLOYEE PENSION PLANS

The Association maintains a 401(k) pension plan for its employees whereby the Association will match any eligible employee's pre-tax contribution up to a maximum of 4% of an employee's salary. All amounts contributed are immediately vested for the benefit of the employee.

8. LAND, BUILDING, IMPROVEMENTS AND EQUIPMENT

Land, building, improvements and equipment as of December 31, 2025 consists of the following:

	2025
Land	$ 295,134
Building and improvements	24,789,186
Furniture, fixtures and equipment	4,321,990
Restaurant	591,752
Recreation area and improvements	1,309,449
Roads, paths and resurfacing	-
Golf course improvements	7,451,041
	38,758,552
Accumulated depreciation	(14,734,053)
Net land, building, improvements and equipment	$ 24,024,499

See independent auditor's report.

9. BANK LOANS PAYABLE

In 2022 the Association obtained two new lines of credit with First Republic Bank. The first, in the amount of $12,000,000, is for the construction of a new recreation facility. The second, in the amount of $7,000,000, is for major HOA repairs and replacements. Loan terms require monthly principal and interest payments at a fixed rate of 3.9% and 5.25%, respectively, per annum on amounts borrowed. The balances payable at December 31, 2025 and 2024 were $11,565,374 and $11,858,413, respectively, for the new recreation facility loan and $5,313,064 and $5,402,552, respectively, for the major repair and replacement loan.

10. WATER RIGHTS SETTLEMENT PAYABLE

Pursuant to a settlement with the Claxton Family involving a disputed water rights purchase agreement, the Association previously agreed to resolve the matter by paying the Claxton's the sum of $2,500 per month beginning November 2001 and continuing thereafter until August 2087. The payment amount increases annually on July 1 of each year in the amount of 3% per annum with the first such adjustment having occurred on July 1, 2002. If the monthly payment is insufficient to fully amortize the settlement obligation (the underlying interest rate is 8.55% per annum), the underpayment is added to the unpaid settlement balance (negative amortization).

11. SPECIAL ASSESSMENTS

Beginning January 1, 2024 and 2025, a $76 per member/unit per month assessment and a $95 per member/unit per month assessment, respectively, have been levied on all residential unit owners. The funds will be used for the repayment of an infrastructure loan.

12. CAPITALIZED EQUIPMENT LEASE OBLIGATIONS

The Association leases various pieces of golf course equipment under capitalized lease agreements. The agreements include imputed interest at 10.3% on the outstanding obligations at December 31, 2025. The outstanding lease obligations at December 31, 2025 totaled $418,374. Minimum lease payments for the next four years are as follows:

Year	
2026	169,838
2027	154,861
2028	83,190
2029	41,309
Total lease payments	449,198
Less amounts representing interest	(30,824)
Net present value	$ 418,374

13. LAND LEASE

In April 1995, the Association paid $1,400,000 to the Town of Moraga for a 20 year lease of approximately 61 acres. Amortization of the lease was recorded over the life of the lease in the amount of $70,000 per year. In December 2014 the Association renewed the lease. The new lease term is April 2015 to March 2040 (25 years). The initial rent was $63,250 per year and is subject to annual adjustments. The current rent is $85,601 per year. Under ASC 842 Lease Accounting, the Association has recorded ROU (right of use) assets and a lease liability for future lease payments at a present value using a 3.5% discount rate. Minimum future lease payments for the next five years are as follows:

Year	
2026	$ 86,511
2027	83,540
2028	80,670
2029	77,900
2030	75,224
Thereafter	584,223
Total	$ 988,068

14. EQUIPMENT LOAN PAYABLE

In April 2023 the Association obtained a loan from United Leasing and Finance to purchase new fitness center equipment. The loan terms require 60 monthly payments of $7,315 including interest at 10% per annum. The loan matures April 2028. The balance of the equipment loan payable at December 31, 2025 and 2024 was $170,314 and $237,333, respectively.

15. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 27, 2026, the date that the financial statements were available to be issued.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

The following information on common area major components was compiled by Association Reserves - SF, LLC of San Francisco, California **as of October 2025** and has served as the basis for the current estimates of replacement reserve funding:

NON-RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
	Streets/Driveways			
202	Asphalt - Resurface	40	37	$2,200,000
203	Asphalt - Seal/Repair	5	4	$253,000
206	Concrete Pavement - Repair	5	4	$36,400
206	Concrete Pavement - Replace	50	49	$520,000
299	Asphalt - Inspection	5	2	$7,280
1834	Storm Drain System - Replace	40	36	$1,040,000
	Unit Exteriors			
1116	Building Exteriors - Repaint, Phase 1	8	5	$338,000
1116	Building Exteriors - Repaint, Phase 2	8	6	$338,000
1116	Building Exteriors - Repaint, Phase 3	8	7	$338,000
1116	Building Exteriors - Repaint, Phase 4	8	0	$338,000
1116	Building Exteriors - Repaint, Phase 5	8	1	$338,000
1116	Building Exteriors - Repaint, Phase 6	8	2	$338,000
1116	Building Exteriors - Repaint, Phase 7	8	3	$338,000
1116	Building Exteriors - Repaint, Phase 8	8	4	$338,000
1117	Bldg Exteriors - Repair/Replace, Phase 1	8	5	$468,000
1117	Bldg Exteriors - Repair/Replace, Phase 2	8	6	$468,000
1117	Bldg Exteriors - Repair/Replace, Phase 3	8	7	$468,000
1117	Bldg Exteriors - Repair/Replace, Phase 4	8	0	$468,000
1117	Bldg Exteriors - Repair/Replace, Phase 5	8	1	$468,000
1117	Bldg Exteriors - Repair/Replace, Phase 6	8	2	$468,000
1117	Bldg Exteriors - Repair/Replace, Phase 7	8	3	$468,000
1117	Bldg Exteriors - Repair/Replace, Phase 8	8	4	$468,000
	Landscaping/Irrigation			
1001	Backflow Devices (2013) - Replace	30	17	$7,980
1001	Backflow Devices (Orig) - Replace	30	27	$83,900
1003	Irrigation Controllers - Replace	8	4	$169,000
1006	Irrigation System - Replace	50	0	$1,490,000
1008	Trees - Remove/Replace	10	8	$46,800
1009	Landscaping - Replenish	50	19	$1,010,000
	Augusta Pool			
320	Outdoor Lights - Replace	25	24	$5,060
404	Pool Furniture - Replace	6	5	$9,560
503	Metal Fence - Replace	25	24	$11,800
508	Pool Handrails - Replace	28	27	$2,260
1107	Metal Fence - Repaint	5	4	$3,090
1117	Pool Eqpt Wood Housing - Replace	25	24	$11,300
1202	Pool - Resurface	14	13	$28,100

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

NON-RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
1206	Pool Filter - Replace	15	14	$2,810
1208	Pool Heater - Replace	10	9	$7,870
1210	Pool Pump - Replace	10	9	$2,810
1212	Pool Chlorinator - Replace	10	9	$1,410
1224	Pool - Retile	28	27	$11,200
1226	Pool Deck Coping - Replace	28	27	$11,300
2765	Pool Deck - Replace	30	29	$28,100
2766	Pool Deck- Seal	5	4	$7,310
	Cypress Point Pool			
320	Outdoor Lights- Replace	25	0	$5,060
321	In-Pool Light - Replace	28	0	$1,460
404	Pool Furniture - Replace	6	0	$9,560
503	Metal Fence - Replace	25	0	$11,800
508	Pool Handrails - Repair/Replace	28	0	$2,260
1107	Metal Fence - Repaint	5	0	$3,090
1117	Pool Eqpt Wood Housing - Replace	25	0	$11,300
1202	Pool - Resurface	14	0	$28,100
1206	Pool Filter - Replace	18	0	$2,810
1208	Pool Heater - Replace	10	0	$7,870
1210	Pool Pump - Replace	10	0	$2,810
1212	Pool Chlorinator - Replace	10	0	$1,410
1224	Pool - Retile	28	0	$11,200
1226	Pool Deck Coping - Replace	28	0	$11,300
2765	Pool Deck - Repair/Replace (25%)	30	0	$28,100
2766	Pool Deck - Seal	5	0	$7,310
	Doral Pool			
320	Outdoor Lights- Replace	30	0	$5,060
404	Pool Furniture - Replace	6	0	$9,560
503	Metal Fence - Replace	25	0	$31,700
508	Pool Handrails - Repair/Replace	28	0	$2,010
509	Wood Trellis - Replace	25	0	$17,500
1107	Metal Fence - Repaint	5	0	$5,370
1117	Pool Eqpt Wood Housing - Replace	25	0	$11,300
1202	Pool - Resurface	14	0	$28,100
1206	Pool Filter - Replace	18	0	$2,810
1208	Pool Heater - Replace	10	0	$7,870
1210	Pool Pump - Replace	10	0	$2,810
1212	Pool Chlorinator - Replace	10	0	$1,410
1224	Pool - Retile	28	0	$11,200
1226	Pool Deck Coping - Replace	28	0	$11,300
2765	Pool Deck - Repair/Replace (25%)	30	0	$28,100
2766	Pool Deck - Seal	5	0	$7,310
	Waterways			
1702	Bridge (Pond 2) - Replace	25	0	$16,800

See independent auditor's report and accompanying notes.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

NON-RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
1702	Bridge (Pond 3) - Replace	25	0	$16,800
1704	Pond 1 Pump/Controller - Replace	12	0	$28,100
1704	Pond 2 Pump/Controller - Replace	12	0	$28,100
1704	Pond 3 Pump/Controller - Replace	12	0	$28,100
1704	Pond 4 Pump/Controller - Replace	12	0	$28,100
1704	Pond 5 Pump/Controller - Replace	12	0	$28,100
1704	Pond 6 Pump/Controller - Replace	12	0	$28,100
1799	Waterways - Restore	50	0	$765,000
	Common Grounds (Lighting, Mailboxes, Signage, Retaining Walls, Wood Fences)			
403	Metal Mailboxes - Replace	25	15	$15,400
404	Metal Mailbox Posts - Replace	25	5	$16,700
405	Wood Mailbox Kiosks - Replace	25	19	$89,100
409	Benches/Trash Container- Replace	10	0	$5,030
505	Common Wood Fencing - Partial Replace	1	0	$36,400
514	Retaining Wall (Augusta) - Replace	20	1	$26,200
514	Retaining Wall (Brookline) - Replace	25	1	$25,500
514	Retaining Wall (Carnoustie) - Replace	25	1	$14,600
514	Retaining Wall (Country Club) - Replace	30	4	$47,600
514	Retaining Wall (Glen Eagle) - Replace	20	3	$7,580
514	Retaining Wall (Spyglass) - Replc (50%)	24	6	$79,800
514	Retaining Wall (St. Andrews) - Replace	30	19	$18,100
514	Retaining Wall (Westchester) - Replace	30	5	$77,800
1103	Metal Mailboxes/Posts - Repaint	10	0	$9,770
1401	Driveway Signs - Replace	20	10	$13,200
1402	Street Signs - Replace	20	3	$22,800
1403	Monument Sign - Replace	12	2	$14,600
1608	Basketball Rim/Backboard - Replace	15	5	$2,880
1820	Electrical System - Repair/Replace	20	18	$20,800
	Vehicles			
1860	Toyota Tacoma (2018) - Replace	10	2	$78,800
1863	V-Ride Mower (2015) - Replace	10	0	$17,500
1863	V-Ride Mower (2018) - Replace	10	2	$17,500
2854	Ford Transit Connect (2014) - Replace	10	0	$36,200
2857	Toyota Tacoma (2007) - Replace	10	0	$36,200
108	**Total Funded Components**			

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
	Clubhouse Exteriors			
105	Balcony Surfaces - Resurface	25	13	$57,700
324	Wall Lights - Replace	25	13	$20,700
401	Awnings - Replace	15	0	$7,380
414	Patio Furniture - Replace	10	8	$78,000
415	Patio Heaters - Replace	10	8	$25,000
503	Metal Rail - Replace	30	18	$32,300
701	Exterior Doors - Replace	20	8	$39,600
703	Utility Doors - Replace	20	8	$14,600
709	Vehicle Gate - Replace	20	8	$12,100
1115	Exterior Surfaces - Repaint	10	0	$90,500
1116	Exterior Trim - Repaint	5	0	$36,200
1117	Exterior Surfaces - Repair (5%)	10	0	$27,600
1302	Built-Up Roof - Replace	15	3	$26,200
1303	Comp Shingle Roof - Replace	15	3	$3,490
1304	Tile Roof - Repair/Replace	25	13	$43,000
1305	Tile Roof - Replace Underlayment	20	8	$174,000
1312	Gutters/Downspouts - Replace	25	13	$20,700
	Clubhouse Bar Area			
901	Interior Furnishings - Replace	10	0	$49,600
903	Interiors - Remodel	10	5	$355,000
911	Bar Appliances - Replace	10	0	$22,200
912	Wine Refrigerator - Replace	10	0	$7,980
	Clubhouse Dining Area			
307	Entertainment Equipment - Replace	5	0	$2,070
901	Interior Furnishings - Remodel	10	7	$57,200
903	Interiors - Remodel	10	5	$355,000
922	AV Equipment - Replace	10	8	$86,500
	Clubhouse Kitchen			
2600	Kitchen - Remodel	15	4	$76,500
2601	Kitchen Flooring - Resurface	6	5	$20,800
2610	Fire Suppression System - Replace	20	8	$13,200
2611	Deep Fryers - Replace	10	0	$13,200
2612	Broiler (Salamander) - Replace	10	0	$11,600
2613	Broiler (Underfired) - Replace	10	10	$22,200
2614	Oven - Replace	10	7	$26,200
2615	Range (6-Burner) - Replace	10	0	$14,600
2616	Range (4-Burner) - Replace	10	0	$11,600
2617	Range (Flat -Top) - Replace	10	0	$16,100

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MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2025
(UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
2618	Stove - Replace	10	0	$4,360
2619	Gas Stone Oven - Replace	10	0	$39,600
2620	Grease Trap - Replace	30	18	$25,500
2621	Hood Systems - Replace	15	3	$79,800
2622	Dishwasher - Replace	10	6	$13,500
2623	Mixer - Replace	10	0	$6,500
2625	Espresso Filtration System - Replace	8	0	$7,980
2700	Ice Machines - Replace	10	0	$17,500
2702	Refrigerator Prep Tables - Replace	10	7	$24,200
2704	2-Drawer Warmers - Replace	10	0	$5,290
2705	Refrigerator (Reach-In) - Replace	8	5	$12,100
2705	Refrigerator (Undercounter) - Replace	10	0	$4,360
2706	Walk-In Freezer - Repair	10	0	$13,200
	Clubhouse Golf Pro Shop			
307	Entertainment Equipment - Replace	5	0	$2,070
901	Interior Furnishings - Replace	10	0	$50,300
903	Interiors - Remodel	10	0	$30,900
	Clubhouse Meeting Rooms			
307	Entertainment Equipment - Replace	5	0	$2,070
901	Interior Furnishings - Replace	10	8	$41,600
903	Interiors - Remodel	10	1	$13,400
	Clubhouse Offices/Staff Rooms			
903	Interiors (Office) - Remodel	15	3	$40,300
903	Interiors (Staff) - Remodel	15	3	$16,100
909	Bathroom - Refurbish	15	3	$16,700
920	Office Equipment - Partial Replace	2	0	$3,620
922	AV Equipment - Replace	10	8	$3,620
950	Computer Equipment - Replace/Upgrade	3	0	$14,900
	Clubhouse Common Areas (Bathrooms, Locker Rooms, Hallways)			
901	Interior Furnishings - Replace	10	0	$32,900
903	Interiors - Remodel	10	0	$148,000
909	Bathrooms - Refurbish	10	0	$228,000
910	Locker Rooms - Refurbish	10	8	$281,000
	Clubhouse Mechanical Equipment			
303	HVAC (P144) - Replace	20	8	$118,000
304	HVAC (P1P96) - Replace	20	8	$167,000
305	HVAC (P18) - Replace	10	3	$6,030
306	HVAC (P24) - Replace	10	3	$6,370
307	HVAC (P36) - Replace	15	3	$55,700
308	HVAC (P72) - Replace	15	3	$38,400
309	HVAC (P48) - Replace	20	3	$26,800
310	HVAC (P54) - Replace	20	3	$9,610
311	HVAC (P96) - Replace	10	3	$14,600

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
312	HVAC (P30) - Replace	5	3	$7,170
313	HVAC (MAU-1) - Replace	15	0	$16,700
314	Exhaust Fans (KEF) - Replace	15	4	$11,200
315	Exhaust Fans (EF) - Replace	15	0	$14,600
316	Booster Fans (SF) - Replace	15	0	$7,640
317	Condensing Units - Replace	15	0	$20,700
318	Air Cooled Condensing Units - Replace	15	0	$7,720
803	Tankless Water Heaters - Replace	12	0	$63,100
1801	Elevators - Modernize	30	18	$323,000
1805	Elevator Cab (Common) - Remodel	10	0	$36,200
1805	Freight Elevator - Remodel	20	8	$16,100
1819	Fire Alarm System - Replace	20	8	$65,000
	Clubhouse Pool Area (Fencing, Pool Furniture, etc.)			
320	Pole Lights - Replace	25	21	$52,300
404	Patio/Pool Furniture - Replace	7	2	$65,000
411	Drinking Fountain - Replace	20	6	$6,500
503	Metal Fence - Replace	20	16	$49,000
1107	Metal Fence - Repaint	5	1	$6,640
1201	Pool Deck - Reseal/Repair	7	0	$62,300
1215	Lane Line Storage Reel - Replace	15	1	$3,080
1216	Pool Lane Dividers - Replace	15	1	$11,600
1217	Pool Starting Blocks - Replace	15	1	$16,100
1219	Emergency EVAC Chair - Replace	8	0	$4,360
1219	Trash and Recyclable Units - Replace	12	10	$16,600
1221	Lifeguard Stand - Replace	15	2	$7,240
1230	Pool Shades - Replace	15	2	$161,000
1401	Display Board - Replace	15	1	$3,290
	Clubhouse Pool			
1202	Pool - Resurface	12	1	$255,000
1206	Pool Filters - Replace	18	3	$20,700
1207	CO2 Filter System - Replace	30	18	$10,500
1208	Pool Heaters - Replace	6	0	$21,200
1210	Pool/Spa Pumps - Repair/Replace	2	0	$5,900
1212	Chemical Controller System - Replace	10	0	$8,190
1213	Pool Timing System - Replace	10	2	$17,400
1214	Pool Area, Mastic - Replace	5	0	$6,780
1224	Pool Surfaces - Retile	20	6	$25,500
	Clubhouse Wading Pool			
1202	Wading Pool - Resurface	10	0	$9,900
1206	Pool Filter - Replace	18	3	$3,290
1208	Wading Heaters - Replace	6	0	$10,700
	Clubhouse Spas			
1203	Spas - Resurface	6	0	$21,400

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MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
1206	Spa Filter (2011) - Replace	18	3	$6,500
1206	Spa Filter (2023) - Replace	18	3	$6,500
1208	Spa Heaters - Replace	6	2	$11,600
	Tennis Courts			
409	Benches - Replace	10	6	$19,400
411	Drinking Fountains - Replace	25	0	$82,500
415	Space Heaters - Replace	10	8	$15,600
502	Chain Link Fence - Replace	30	7	$116,000
518	Metal Trellis - Replace	30	28	$58,200
940	Storage Sheds - Replace	20	16	$10,200
1601	Tennis Courts - Seal/Repair/Stripe	5	2	$30,800
1601	Tennis Courts - Seal/Repair/Stripe	5	2	$30,800
1601	Tennis Courts - Seal/Repair/Stripe	5	2	$30,800
1602	Tennis Courts - Resurface	30	9	$125,000
1603	Tennis Court Windscreen - Replace	5	1	$40,200
1605	Tennis Court Lights - Replace	25	12	$116,000
	Fitness Center			
303	HVAC Systems - Replace	15	13	$62,400
411	Drinking Fountains - Replace	15	13	$5,200
608	Laminate Flooring - Replace	20	18	$35,400
615	Gym Flooring - Replace	10	8	$41,200
740	Exterior Doors - Replace	40	38	$9,360
903	Lobby - Remodel	15	13	$13,000
909	Bathrooms - Refurbish	15	13	$32,600
930	Exercise Equipment - Replace	15	13	$130,000
990	UPS System - Replace	15	13	$26,000
1110	Interior Surfaces - Repaint	10	8	$44,500
1306	Membrane Roof - Replace	25	23	$114,000
1309	Metal Trellis - Replace	30	28	$31,200
1315	Roof Hatch - Replace	30	28	$5,200
	Courtside Grill			
303	HVAC - Replace	15	13	$36,400
303	Walk-In Compressors - Replace	10	8	$20,800
306	Exhaust Fans - Replace	10	8	$10,400
404	Patio Furniture - Replace	10	8	$36,400
510	Metal/Glass Rail - Replace	30	28	$28,100
608	Laminate Flooring - Replace	20	18	$34,800
740	Exterior Doors - Replace	40	38	$15,600
909	Bathrooms - Refurbish	15	13	$39,000
915	Bar Area - Remodel	20	18	$46,800
1110	Interior Surfaces - Repaint	10	8	$31,200
1306	Membrane Roof - Replace	25	23	$72,800
1315	Roof Hatch - Replace	30	28	$5,200
2612	Charbroiler/2-Drawer Fridge - Replace	20	18	$3,950

See independent auditor's report and accompanying notes.

MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
2612	Grill/Oven Combo - Replace	20	18	$10,400
2613	Deep Fryers - Replace	10	8	$4,990
2616	Deck Oven - Replace	20	18	$36,400
2619	Dishwasher - Replace	10	8	$20,800
2621	Prep Station/Low-Boy Fridge - Replace	10	8	$3,640
	Golf Course Tee Boxes			
2104	Tee Box, Hole 6 - Renovation	20	0	$201,000
2106	Tee Box, Hole 7 - Renovation	20	0	$32,900
2107	Tee Box, Hole 4/5 - Renovation	20	3	$135,000
2113	Tee Box, Hole 15 - Renovation	20	17	$65,000
2115	Tee Box, Hole 2 - Renovation	20	9	$90,500
2118	Tee Box (2018) - Renovation	20	12	$68,400
2119	Tee Box (2019) - Renovation	20	13	$68,400
2120	Tee Box (2022) - Renovation	20	0	$68,400
2121	Tee Box (2023) - Renovation	20	0	$68,400
2122	Tee Box (2024) - Renovation	20	0	$68,400
2123	Tee Box (2025) - Renovation	20	0	$51,700
2124	Tee Box (2026) - Renovation	20	0	$68,400
2125	Tee Box (2027) - Renovation	20	1	$68,400
	Golf Course Bunkers			
2212	Golf Course Bunkers - Renovate	20	9	$901,000
	Golf Course Greens			
2301	Green & Hole - Renovate, Hole 2/3	30	6	$517,000
2305	Green & Hole - Renovate, Hole 8	30	9	$470,000
2307	Green & Hole - Renovate, Hole 4/5	30	11	$859,000
2311	Green & Hole - Renovate, Hole 11/16	30	14	$116,000
2313	Green & Hole - Renovate, Hole 15	30	16	$116,000
2314	Green & Hole - Renovate, Hole 14	30	19	$90,500
2325	Green & Hole (2024) - Renovate	30	0	$302,000
2326	Green & Hole (2025) - Renovate	30	0	$302,000
2327	Green & Hole (2026) - Renovate	30	0	$302,000
2328	Practice Green - Renovate	30	25	$255,000
	Golf Course Irrigation/Pumps			
851	Pumps/Controllers (#4) - Replace	12	0	$116,000
852	Pumps/Controllers (#11) - Replace	12	0	$116,000
853	Pumps/Controllers (#18) - Replace	12	0	$234,000
1005	Irrigation System - Repairs	1	0	$14,600
1350	# 4 Pump House - Replace	50	1	$61,900
1350	#11 Pump House - Replace	50	1	$61,900
1350	#18 Pump House - Replace	50	3	$155,000
	Golf Driving Range/Turn Building			
411	Drinking Fountains - Replace	15	0	$7,240
2501	Driving Range Nets - Replace (25%)	15	0	$43,600

See independent auditor's report and accompanying notes.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
2501	Driving Range Nets - Replace (75%)	15	10	$128,000
2505	Mats & Bag Stands - Replace	10	0	$25,500
2511	Driving Range Tee Box - Renovate	25	10	$139,000
2520	DR Irrigation/Landscaping - Replace	25	10	$220,000
2540	Turn Building Snack Shop - Remodel	15	0	$20,100
2542	Turn Building Bathrooms - Remodel	15	0	$25,500
2545	Turn Building HVAC - Replace	10	0	$7,240
2550	Turn Building - Renovate	30	15	$132,000
	Golf Course Grounds			
504	Hole #11 Gate - Replace	20	16	$4,730
2905	Yardage & Tee Markers - Replace	10	0	$79,800
2910	Golf Cart Paths - Repair/Replace	1	0	$41,600
2930	Golf Course Bridges - Repair/Replace	50	13	$436,000
	Golf Course Retaining Walls			
514	# 2 Retaining Wall - Replace	30	23	$67,500
514	# 5 Retaining Wall - Replace	30	26	$14,600
514	# 9 Retaining Wall - Replace	30	23	$67,500
514	#13 Retaining Wall - Replace	30	29	$49,900
514	#14 Retaining Wall - Replace	30	29	$62,400
514	#17 Retaining Wall - Replace	30	0	$19,700
	Golf Course Maintenance Area			
1222	Solar Panels - Replace	10	3	$302,000
1840	Diesel Tank - Replace	30	8	$5,630
1840	Gasoline Tank - Replace	30	8	$14,100
2620	Wash Pad & Equipment - Replace	20	16	$101,000
2830	Maintenance Office - Repair/Replace	20	3	$65,000
2840	Containers - Replace	25	3	$22,000
2845	Maintenance Yard Perim Fence - Replace	30	26	$47,600
2850	Driving Range/Maint Road - Seal/Repair	8	3	$11,600
2851	Driving Range/Maint Road - Replace	40	7	$222,000
	Golf Course Maintenance Equipment			
3002	Toro Groundsmaster 3100 - Replace	10	0	$46,900
3003	John Deere Gator (2017) - Replace	10	1	$20,100
3004	John Deere Gator (2018) - Replace	10	2	$20,100
3005	7050 Rim Clamp Tire Changer - Replace	15	0	$16,700
3007	Aerator Toro 648 - Replace	10	0	$50,300
3008	Aerator Toro 648 - Replace	10	0	$54,300
3009	Angle Master 3000MC - Replace	15	1	$24,900
3010	Buffalo Blowers - Replace	10	0	$16,800
3016	Compactor Plate - Replace	10	0	$5,030
3017	Concrete Saw - Replace	10	0	$5,030
3021	Dayton Crane - Replace	15	0	$5,030
3022	Ditch Witch Trencher - Replace	12	4	$13,400

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MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
3023	Express Dual 3000MC - Replace	15	0	$50,300
3025	John Deere Gator (2009) - Replace	10	0	$39,600
3026	John Deere Gator (2012) - Replace	10	0	$39,600
3027	John Deere Gator (2013) - Replace	10	0	$79,800
3028	Graden Verticutter - Replace	10	0	$12,000
3030	Toro Greensmaster 3400 - Replace	10	2	$120,000
3033	Toro Greensmaster 3400 - Replace	10	0	$59,700
3034	Toro Greensmaster Flex 2100 - Replace	8	0	$120,000
3035	Toro Groundsmaster 3500D - Replace	10	0	$146,000
3037	John Deere Aerator 1500 - Replace	10	0	$39,000
3038	Toro Groundsmaster 3500D - Replace	10	2	$71,100
3039	JD Utility Tractor 5075E - Replace	15	7	$53,700
3040	Kubota Tractor LA1153 - Replace	10	6	$53,700
3045	Manitowoc Hydraulic Lift - Replace	25	0	$36,900
3050	Kubota Rough Mower - Replace	10	0	$50,300
3051	Kubota Tractor M6040 - Replace	10	0	$67,100
3052	Kubota Tractor M4700 - Replace	12	0	$47,000
3053	Kubota Utility Vehicle - Replace	10	0	$30,200
3060	Kawasaki Mule 4010 - Replace	10	0	$14,600
3070	Lastec Mower (2010) - Replace	10	0	$36,200
3071	Harlie Rake - Replace	20	0	$26,800
3072	Lely Spreader - Replace	10	2	$9,700
3073	Turfco Mete-R-Matic Top Dresser - Replc	10	0	$25,500
3074	Trencher Attachment - Replace	10	2	$9,400
3075	Miller Millermatic 250 - Replace	10	0	$6,710
3077	Toro MultiPro Sprayer - Replace	10	0	$121,000
3078	Toro Chemical Sprayer - Replace	10	0	$97,200
3080	Ventrac - Replace	10	6	$48,400
3081	Kubota Excavator U48-5 - Replace	10	6	$82,100
3085	SDI Sprayer - Replace	10	0	$22,200
3086	Smithco Green Roller - Replace	10	1	$26,800
3087	Smithco Green Roller - Replace	10	0	$25,500
3093	Turfco Seeder - Replace	10	0	$23,600
3094	Toro Tee Mowers - Replace	10	2	$90,500
3095	Toro Workman 3100 - Replace	10	0	$36,200
3096	Toro Workman 3200 - Replace	10	0	$109,000
3097	Toro Workman HDX-D - Replace	10	0	$66,400
3105	Toro Trans-Pro Trailers - Replace	10	0	$30,200
3106	Toro Dingo TX-427 - Replace	10	0	$54,300
3109	Turfco SP-1530 Top Dresser - Replace	10	0	$39,600
3110	TyCrop MH-400 - Replace	10	6	$39,600
3111	TyCrop MH-400 - Replace	10	0	$39,600
3112	TyCrop 300 Spreader - Replace	10	0	$18,100
3115	Vericut Reels - Replace	10	0	$16,100

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MORAGA COUNTRY CLUB HOMEOWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS DECEMBER 31, 2025 (UNAUDITED)

RECREATION FUND COMPONENTS

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
3116	Honda 21" Mower - Replace	8	0	$3,020
3117	Genie Scissor Lift - Replace	10	0	$54,300
3118	Ryan Jr Sod Cutter - Replace	10	0	$9,050
3119	Barreto Tiller - Replace	10	0	$20,100
3121	John Deere Aerator 1500 - Replace	10	0	$39,000
3130	Verti-Drain 7516 - Replace	10	0	$75,200
3140	Cement Mixer - Replace	10	0	$8,720
3160	Haz Mat Locker - Replace	20	0	$23,600
	Common Grounds (Streets, Landscaping, Exterior Lighting, Retaining Walls)			
103	Concrete Walkways - Repair	10	0	$13,200
202	Asphalt Parking Lot - Resurface	30	25	$402,000
203	Asphalt - Seal/Repair	5	0	$24,200
305	Security System - Replace	12	7	$58,300
320	Parking Lot Exterior Lighting - Replace	25	17	$158,000
512	Split-Rail Fence - Replace	20	10	$123,000
514	Retaining/Planter Walls - Replace	20	0	$27,600
1010	Landscaping - Upgrade	10	9	$132,000
1403	Monument Sign - Replace	20	10	$13,200
	Lakes			
1701	#10 Lake - Dredge	10	2	$28,100
1701	#2/18 Lake - Dredge	10	2	$28,100
1701	#9 Lakes - Dredge	10	2	$101,000
1703	#7 Lake - Reline	40	20	$16,800
1712	#7 Fountain - Replace	20	0	$16,800
296	**Total Funded Components**			

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **after-tax interest rate** of **2-1/2%** on replacement fund cash balances and an annual **inflation rate** of **3%** on major component replacement costs. The replacement and recreation fund **cash** and investment balances at December 31, 2025 totaled **$6,949,919**. The estimated **liability** for major repairs and replacements at this date totaled approximately **$20,737,000**. The portion of **2026** regular **assessments** budgeted to be allocated to the replacement fund totals **$2,142,408** ($1,588,008 from owner members and $554,400 from golf equity members). The obligation to maintain, repair and replace recreation major components, and the related funds to make those expenditures, is shared with the 420 golf-only members.

See independent auditor's report and accompanying notes.