

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

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YEARS ENDED DECEMBER 31, 2008 AND 2007**

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LEVY, ERLANGER & COMPANY
Certified Public Accountants
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board Of Directors
The Sierra At Jack London Square Association
Oakland, California

We have reviewed the accompanying balance sheets of **The Sierra At Jack London Square Association** (the Association) as of December 31, 2008 and 2007 and the related statements of revenues, expenses and changes in fund balances, and the statements of cash flows, for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of **The Sierra At Jack London Square Association**.

A review consists principally of inquiries of management personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

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.

Board Of Directors
The Sierra At Jack London Square Association
Independent Accountants' Review Report (Continued)

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.

The supplementary information about future major repairs and replacements is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have compiled the supplementary information from information that is the representation of management of **The Sierra At Jack London Square Association**, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Levy, Erlanger & Company

February 26, 2009

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**BALANCE SHEETS
DECEMBER 31, 2008 AND 2007**

	2008			2007
	Operations Fund	Replacement Fund	Capitalization Fund	Total Funds
ASSETS				
Cash and cash equivalents (Note 2)	\$ 59,033	\$ 45,755	\$ -	\$ 104,788
Investment in certificates of deposit (Note 2)		400,000		400,000
Assessments receivable, less allowance for doubtful accounts of \$130,000 and \$75,000, respectively (Note 2)	64,324			64,324
Interest receivable		755		755
Prepaid insurance	19,260			19,260
Prepaid income taxes		1,980		1,980
Other receivables	193			193
Total assets	\$ 142,810	\$ 448,490	\$ -	\$ 591,300
LIABILITIES				
Accounts payable	\$ 53,833	\$ 29,625	\$ -	\$ 83,458
Assessments paid in advance	24,128			24,128
Interfund reclassifications and transfers	174,445	(45,060)	(129,385)	-
Future major repairs and replacements (Note 3)	-	-	-	-
Total liabilities	252,406	(15,435)	(129,385)	107,586
COMMITMENTS (NOTE 4)	-	-	-	-
FUND BALANCE (DEFICIT)	(109,596)	463,925	129,385	483,714
Total liabilities and fund balance	\$ 142,810	\$ 448,490	\$ -	\$ 591,300

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008			2007
	Operations Fund	Replacement Fund	Capitalization Fund	Total Funds
REVENUES				
Assessments	\$ 1,110,332	\$ 201,880	\$ -	\$ 1,312,212
Refuse receptacle assessments	6,000			6,000
Interest income (Note 2)		13,474		13,474
Parking rental income	8,554			8,554
Late charges and other income	31,120			31,120
Total revenues	1,156,006	215,354	-	1,371,360
EXPENSES				
<u>Administration</u>				
Bad debt expense	121,172	-	-	121,172
Income tax provision (Note 2)		1,060		1,060
Insurance	63,896			63,896
Legal, accounting and professional Management	16,161	256,051		272,212
Monthly accounting and billing	168,363			168,363
Office, printing and postage	7,800			7,800
Reserve study	23,275			23,275
				660
	400,667	257,111	-	657,778
<u>Maintenance and operations</u>				
Janitorial services	100,505	-	-	100,505
Landscape maintenance	10,552			10,552
Pool and spa maintenance	4,856			4,856
Security services	178,046			178,046
Other maintenance and operations	113,498			113,498
	407,457	-	-	407,457
<u>Utilities</u>				
Garbage collection	58,729	-	-	58,729
Gas and electricity	158,539			158,539
Telephone	5,006			5,006
Water and sewer	67,517			67,517
	289,791	-	-	289,791

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008			2007
	Operations Fund	Replacement Fund	Capitalization Fund	Total Funds
EXPENSES (CONTINUED)				
<u>Major repairs and replacements</u>				
Fences and gates	\$ -	\$ 3,879	\$ -	\$ 3,879
Fire alarm and suppression		5,375		5,375
Furnishings and equipment		9,435		9,435
Pool and spa		9,150		9,150
Other major repairs and replacements		10,460		10,460
	-	38,299	-	38,299
				9,657
Total expenses	1,097,915	295,410	-	1,393,325
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	58,091	(80,056)	-	(21,965)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(167,687)	543,981	129,385	505,679
FUND BALANCE (DEFICIT), END OF YEAR	\$ (109,596)	\$ 463,925	\$ 129,385	\$ 483,714
				\$ 505,679

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008			2007
	Operations Fund	Replacement Fund	Capitalization Fund	Total Funds
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ 58,091	\$ (80,056)	\$ -	\$ (21,965)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Bad debt expense	121,172	-	-	121,172
Decrease (increase) in assets:				
Assessments receivable	(133,800)			(133,800)
Interest receivable		2,408		2,408
Prepaid insurance	(6,377)			(6,377)
Prepaid income taxes	37	(1,285)		(1,248)
Other receivables	(193)			(193)
Increase (decrease) in liabilities:				
Accounts payable	(62,836)	29,625		(33,211)
Assessments paid in advance	7,541			7,541
Income taxes payable				(1,196)
Interfund reclassifications and transfers	32,825	(32,825)		
Total adjustments	(41,631)	(2,077)	-	(43,708)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	16,460	(82,133)	-	(65,673)
INVESTING ACTIVITIES				
Net (purchase) sale of certificates of deposit	-	26,000	-	26,000
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	26,000	-	26,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,460	(56,133)		(39,673)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	42,573	101,888	-	144,461
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 59,033	\$ 45,755	\$ -	\$ 104,788
<u>Supplemental Disclosures</u>				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ (37)	\$ 2,345	\$ -	\$ 2,308

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

1. THE ASSOCIATION

The Sierra At Jack London Square Association (the Association) is a common interest development located in Oakland, California which consists of 224 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in March 2003 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to annual assessments, usually payable in equal monthly installments, to provide funds for operating expenses and major repairs and replacements. In addition to regular annual assessments, special and/or emergency assessments may be imposed by the Association's board of directors, under certain circumstances without member approval. Any excess assessments at year end are retained by the Association for use in the succeeding year. Revenue and expenses and information about future major repairs and replacements is explained in greater detail in the annually distributed pro forma operating budget (pursuant to California Civil Code Section 1365).

Assessments receivable at the balance sheet date represents the aggregate amount of assessments due from unit owners. The Association's policy is to retain a collection service and/or legal counsel and place liens on the properties of owners whose assessments are delinquent. In certain instances, foreclosure may be necessary. The collection process is explained in greater detail in the annually distributed delinquent assessment collection policy (pursuant to California Civil Code Section 1365.1). Because of these collection procedures, the Board believes that, subject to a reasonable allowance for doubtful accounts, if any, all assessments are collectible.

See independent accountants' review report.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of December 31, 2008 totaled approximately \$-0-.

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. Financial resources are classified for accounting and reporting purposes in two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountants' review report.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

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 may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at graduated rates from 15% to 39% on net nonmember income; in the latter case it is taxed on net nonexempt function income (which is generally similar to net nonmember income) at a flat 30% rate. California income taxes normally approximate 9% of taxable income.

Interest earned on operating and replacement funds, net of related income taxes, is retained in said respective funds.

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

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

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

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 1365), 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.

See independent accountants' review report.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)

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 1365.2.5).

4. COMMITMENTS

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

See independent accountants' review report.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2008
(COMPILED WITHOUT AUDIT OR REVIEW)**

The following information on common area major components was compiled by Levy, Erlanger & Company of San Francisco, California as of November 2008 and has served as the basis for the current estimates of replacement reserve funding:

<u>Description</u>	<u>Est. Use. Life</u>	<u>Est. Rem. Life</u>	<u>Curr. Repl. Cost</u>	<u>Year Rplc. Prov.</u>	<u>Est. Liab. 12-08</u>
Roofs					
Built-up roof	15	6	479886	31992	287932
Metal roofing, replace	50	44	321164	6423	38540
Roof inspection and repair					
Paint caulking components					
Metal roofing paint	7	0	80412	11487	80412
Metal rails and stairs	5	2	32831	6566	19699
Stucco siding/window caulking	10	4	301600	30160	180960
Iron gates and fencing	5	0	2029	406	2029
Wood fencing at pool (stain)	5	0	894	179	894
Fitness center paint (interior)	7	4	5088	727	2181
Lobbies paint (interior)	7	0	4541	649	4541
Media room (paint)	7	5	1721	246	492
Office paint (interior)	7	1	666	95	571
Restrooms paint (interior)	7	1	445	64	381
Garage/laundry rooms (drywall)	5	0	15654	3131	15654
Doors (single)	5	5	2340	468	0
Doors (double)	5	5	744	149	0
CAULKING COMPONENTS (EXPOSED AREAS)					
Pressure plate perimeter (silicone)	20	9	135956	6798	74776
Storefront perimeter (silicone)	20	9	56425	2821	31034
P.H. window/doors (silicone)	20	9	30015	1501	16508
Building to sidewalk perimeter (urethane)	10	4	10120	1012	6072
CAULKING COMPONENTS (NON-EXPOSED AREAS)					
Covered windows/doors (silicone)	20	14	110531	5527	33159
Covered stucco/concrete joints, lid, columns (urethane)	10	4	75625	7563	45375
Elevators					
Can enhancement	25	19	41600	1664	9984
System modernization	25	19	416000	16640	99840
Pool/clubhouse equipment					
Chlorinator	3	0	520	173	520
Filter	8	2	1459	182	1094
Heater	8	6	4500	563	1125
Pumps	10	6	1248	125	499
Skimmers	12	8	2746	229	915
Pool resurface	8	4	20280	2535	10140
Tile & coping replace	16	12	7240	453	1810
Pool drainage/inspection	3	3	335	112	0

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2008
(COMPILED WITHOUT AUDIT OR REVIEW)**

<u>Description</u>	<u>Est. Use. Life</u>	<u>Est. Rem. Life</u>	<u>Curr. Repl. Cost</u>	<u>Year Rplc. Prov.</u>	<u>Est. Liab. 12-08</u>
Fitness center equipment					
Elliptical riders	10	4	7280	728	4368
Leg extension machines	10	4	6240	624	3744
Peck machine	10	4	2496	250	1498
Bench press	10	4	2600	260	1560
Lat. Pull machine	10	4	2496	250	1498
Triceps pull down machine	10	4	1872	187	1123
Stationary bicycles	10	4	10920	1092	6552
Treadmills	10	4	6656	666	3994
Dumbbells	15	9	624	42	250
Sauna heating element	10	4	832	83	499
Recreation-media center					
Sound system	15	9	1989	133	796
Television	15	9	3979	265	1592
Pool table accessories	5	0	663	133	663
Pool table (re-felt)	5	3	675	135	270
Floor coverings					
Fitness center carpet	10	4	6982	698	4189
Lobby accent rug replace	7	0	995	142	995
Lobby tile repairs	7	0	13726	1961	13726
Media room carpet	7	0	2594	371	2594
Office carpet	7	0	4641	663	4641
Tile repairs-restrooms	5	0	10650	2130	10650
Wood decking at pool repair	10	4	19890	1989	11934
Furnishings and appliances					
Computer system upgrades	7	0	2652	379	2652
Lobby furniture replace	15	9	2652	177	1061
Media room furnishings	10	4	3979	398	2387
Office equipment replace	10	4	1989	199	1193
Pool patio & lanai furnishings	15	4	10610	707	7781
Mechanical Systems/equipment					
Exhaust fans (1st floors)	20	14	14243	712	4273
Electric heater (management office)	8	4	208	26	104
Heat pumps	15	9	104000	6933	41600
Air conditioners	15	9	257920	17195	103168
Carrier 38hdt. (rooftop)	15	9	10400	693	4160

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2008
(COMPILED WITHOUT AUDIT OR REVIEW)**

<u>Description</u>	<u>Est. Use. Life</u>	<u>Est. Rem. Life</u>	<u>Curr. Repl. Cost</u>	<u>Year Rplc. Prov.</u>	<u>Est. Liab. 12-08</u>
Mechanical Systems-hvac					
A/C condensers (elevator)	20	14	11936	597	3581
Fitness center units	20	14	11936	597	3581
Air handler motors (rooftop)	5	0	63658	12732	63658
Mechanical systems-heat					
Bladder tank liner replace	15	9	663	44	265
Boilers replace	10	4	53048	5305	31829
Circulation pumps replace	10	4	13262	1326	7957
Booster pumps replace	10	4	19893	1989	11936
Heat control panel replace	15	9	3647	243	1459
Valve replacement	3	0	1326	442	1326
Mechanical systems-water					
Bladder tank liner replace	15	9	663	44	265
Exhaust motor replace	10	4	3581	358	2149
Boiler replace	20	14	26524	1326	7957
Booster pump replace-main	10	4	9947	995	5968
Booster pump replace-auxiliary	20	14	9947	497	2984
Booster pump replace-back up	30	24	9947	332	1989
Storage tanks replace	30	24	39786	1326	7957
Valve replacement	3	0	1326	442	1326
Mechanical systems-trash					
Automatic door equip repair	5	4	5570	1114	1114
Trash chute doors hardware replace	10	4	5570	557	3342
Trash chute doors replace	20	14	7957	398	2387
Safety emergency system					
Emergency generator repair	12	6	1989	166	995
professional inspection	3	2	1326	442	442
System overhaul	24	18	13262	553	3316
Safety -fire alarm system					
Central equipment panel	20	14	21219	1061	6366
Interface modules	20	14	19097	955	5729
Pull stations replace	15	9	3979	265	1592
Smoke detectors replace	15	15	2000	133	0
Speakers/sounders replace	15	9	3979	265	1592

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THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2008
(COMPILED WITHOUT AUDIT OR REVIEW)**

<u>Description</u>	<u>Est. Use. Life</u>	<u>Est. Rem. Life</u>	<u>Curr. Repl. Cost</u>	<u>Year Rplc. Prov.</u>	<u>Est. Liab. 12-08</u>
Safety-fire sprinkler system					
Fire extinguishers	15	9	12166	811	4866
Five year certification	5	0	3641	728	3641
Main pumps replace	20	14	9947	497	2984
Pump valves-general	10	4	1989	199	1193
Safety security System					
Alarm monitor system	15	9	1913	128	765
Entry access system hardware	15	13	6730	449	897
Entry access system software	15	9	4642	309	1857
Intercom system upgrade	15	9	3316	221	1326
Magnetic key access pad repair	7	0	1326	189	1326
Magnetic key access pad upgrade	15	9	3979	265	1592
Video surveillance cameras replace	15	9	663	44	265
Video surveillance monitors replace	10	4	2652	265	1591
Video system upgrades	10	4	1989	199	1193
Photo eyes(garage doors)	10	10	1600	160	0
Miscellaneous items					
Wood wall paneling refurbish	10	4	3979	398	2387
Rooftop tv equipment upgrades	10	4	4633	463	2780
Mailbox clutterers (21')	20	14	7953	398	2386
Mailbox clusters (35")	20	14	16577	829	4973
Sump pumps replace	12	6	3003	250	1502
Window (IGU)replacement (curtain wall&storefront sy	30	9	42369	1412	29658
Window (IGU)replacement (curtain wall&storefront sy	30	19	164430	5481	60291
Window (IGU)replacement (curtain wall&storefront sy	30	29	137186	4573	4573
Window (IGU)replacement (nail-on flange units)	30	9	65476	2183	45833
Window (IGU)replacement (nail-on flange units)	30	14	65476	2183	34921
Window (IGU)replacement (nail-on flange units)	30	19	65476	2183	24008
Window (IGU)replacement (nail-on flange units)	30	24	39284	1309	7857
Window (IGU)replacement (nail-on flange units)	30	29	78567	2619	2619
Window gasket at storefronts	20	14	80922	4046	24277
Partial replacement					
Siding/trim					
Stucco siding repair	10	4	77545	7755	46527
Decks					
Balcony decks resurface	5	4	13433	2687	2687
Balcony wood decks (replace)	20	14	62640	3132	18792
Walks and landings resurface	5	4	344171	68834	68834

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2008
(COMPILED WITHOUT AUDIT OR REVIEW)**

<u>Description</u>	<u>Est.</u> <u>Use.</u> <u>Life</u>	<u>Est.</u> <u>Rem.</u> <u>Life</u>	<u>Curr.</u> <u>Repl.</u> <u>Cost</u>	<u>Year</u> <u>Rplc.</u> <u>Prov.</u>	<u>Est.</u> <u>Liab.</u> <u>12-08</u>
Concrete areas replace					
Concrete areas replace	15	9	3312	221	1325
Misc. concrete repairs	5	4	1976	395	395
Brick paving repairs	15	9	72950	4863	29180
Pool deck resurface (cool deck)	10	0	5906	591	5906
Fence/rail/stair replace					
Metal rails and stairs replace	5	5	7910	1582	0
Iron gates & fencing repairs	10	4	2079	208	1247
Wood fencing at pool	14	8	3342	239	1432
Wood gates (w/closers)	20	14	728	36	218
Garage/gates/parking					
CO2 fan motors replace	20	14	4774	239	1432
CO2 censor units replace	15	9	3581	239	1432
Floor cleaning/power washing**					
Gate motors replace	8	4	8488	1061	4244
Roll-up gate hardware repairs	5	4	9549	1910	1910
Roll-up gates slat repairs	1	0	4500	4500	4500
Vehicle sensor loops repair	15	10	6366	424	2122
Service/utility doors replace	10	4	4144	414	2486
Stall striping & numbering	10	4	4753	475	2852
Area lighting replace					
Building lights (exterior)	7	0	3315	474	3315
Building lights (interior)	7	0	1988	284	1988
Exit lights	7	0	1326	189	1326
Garage light fixtures	7	0	2652	379	2652
Landscape irrigation system					
System maintenance & repair**					
Rounding to nearest \$1,000/\$5,000				-283	925
Estimated major component repair and replacement provision for the year ending December 31, 2009				<u>349000</u>	
Estimated liability for repair and replacement of common area major components at December 31, 2008					<u>1875000</u>

See independent accountants' review report and accompanying notes.

THE SIERRA AT JACK LONDON SQUARE ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2008
(COMPILED WITHOUT AUDIT OR REVIEW)**

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 **before-tax interest rate** of **3-1/4%** on replacement fund cash balances and an annual **inflation rate** of **3-1/5%** on major component replacement costs. The replacement fund **cash** and investment balances at December 31, 2008 totaled **\$445,755**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$1,875,000**. The portion of **2009** regular **assessments** budgeted to be allocated to the replacement fund totals **\$223,077**.

See independent accountants' review report and accompanying notes.