

OLD TAUNTON COLONY CLUB, INC.

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Old Taunton Colony Club Inc

I have audited the accompanying financial statements of Old Taunton Colony Club Inc, which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Old Taunton Colony Club Inc as of December 31, 2020, 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.

Francis J. April CPA LLC

Francis J April CPA LLC

Marlton, New Jersey

February 13, 2021

OLD TAUNTON COLONY CLUB, INC.

BALANCE SHEET

DECEMBER 31,

	<u>2020</u>		
<u>ASSETS</u>	Operating Fund	Reserve Fund	Total
<u>Current Assets</u>			
Cash and Cash Equivalents	30,652	317,715	348,367
Assessments Receivable, Net	175	-	175
Land, Lakes, Open Areas	15,400	-	15,400
Interfund Balance	(6,203)	6,203	-
<u>TOTAL ASSETS</u>	<u>40,024</u>	<u>323,918</u>	<u>363,942</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Current Liabilities</u>			
Accrued Expenses	2,769	-	2,769
Prepaid Assessments	-	-	0
Loan - NJDEP	-	386,285	386,285
<u>TOTAL LIABILITIES</u>	<u>2,769</u>	<u>386,285</u>	<u>389,054</u>
 <u>Fund Balances</u>			
Operating Fund	37,255	-	37,255
Reserve Fund (Deficit)	-	(62,367)	(62,367)
<u>TOTAL FUND BALANCES (DEFICITS)</u>	<u>37,255</u>	<u>(62,367)</u>	<u>(25,112)</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>40,024</u>	 <u>323,918</u>	 <u>363,942</u>

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
STATEMENT OF REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31,

	2020		
<u>REVENUES</u>	Operating Fund	Reserve Fund	Total
Owner Assessments	44,781	26,044	70,825
Interest Income	18	1,484	1,502
Late Fees	1,000	-	1,000
Miscellaneous	750	-	750
<u>TOTAL REVENUES</u>	46,549	27,528	74,077
<u>EXPENSES</u>			
Administration Expenses	3,125	-	3,125
Annual Picnic and Community Events	(605)	-	(605)
Bad Debt Expense	2,150	-	2,150
Beach Expenses	8,102	-	8,102
Insurance	11,907	-	11,907
Lake Expenses	1,748	-	1,748
Legal	725	-	725
Meeting Room Rental	564	-	564
Outside Accounting	3,355	-	3,355
Property Management Fees	7,166	-	7,166
Taxes - Real Estate	1,044	-	1,044
Telephone - Beach	437	-	437
Utilities - Beach	1,556	-	1,556
<u>TOTAL EXPENSES</u>	41,274	-	41,274
<u>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</u>			
	5,275	27,528	32,803

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2020

	Operating Fund	Reserve Fund	Totals
Balance (Deficit) - January 1, 2020	31,980	(89,895)	(57,915)
Excess (Deficit) of Revenues Over Expenses	5,275	27,528	32,803
Balance (Deficit) - December 31, 2020	37,255	(62,367)	(25,112)

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31,

	<u>2020</u>		
	Operating Fund	Reserve Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Excess (Deficit) of Revenues Over Expenses	5,275	27,528	32,803
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Net Cash Provided By (Used In) Operating Activities			
<u>(Increase) Decrease In:</u>			
Assessments Receivable, Net	(175)	-	(175)
<u>Increase (Decrease) In:</u>			
Accrued Expenses	(152)	-	(152)
Prepaid Assessments	(50)	-	(50)
<u>Net Cash Provided By (Used In) Operating Activities</u>	<u>4,898</u>	<u>27,528</u>	<u>32,426</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
Proceeds from Loan - NJDEP	-	-	0
<u>Net Cash Provided By Financing Activities</u>	<u>-</u>	<u>0</u>	<u>0</u>
<u>Net Increase (Decrease) In Cash and Cash Equivalents</u>	<u>4,898</u>	<u>27,528</u>	<u>32,426</u>
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>25,754</u>	<u>290,187</u>	<u>315,941</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>30,652</u>	<u>317,715</u>	<u>348,367</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid For Income Taxes	-	-	-
Cash Paid For Interest Expense	-	-	-

See accompanying notes to financial statements

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Old Taunton Colony Club is a New Jersey not-for-profit organization incorporated in 1939 in compliance with the requirements of Title 15, Chapter 1 of the revised statutes of New Jersey. The Club's members include all the residential unit owners of Taunton Lake, Burlington County, New Jersey. Taunton Lake is defined as all that area encompassed by the Taunton Lake sides of Breakneck Road, Hinchman Road, Centennial Dam, Centennial Avenue and Hopewell Road and in addition, all real estate formerly the property of the Taunton Lakes Company and the house and property owned by the Larsen family that was granted use of Taunton Lake in their deed. The purpose of the Club is to provide for the maintenance, preservation and enhancement of the common facilities. At December 31, 2020 there are 149 members in the Club.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 13, 2021, the date that the financial statements were available to be issued.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Association maintains its books and records on the accrual basis of accounting. The accompanying financial statements have been prepared on that basis, in which revenue and gains are recognized when earned and expenses and losses are recognized when incurred.

Fund Accounting

The Club's governing documents provide certain guidelines for governing its financial activities. To ensure observance of the limitations and restrictions on the use of financial resources, the Club maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose.

Operating Fund

This fund and its related cash accounts are used to account for financial resources available for the general operation of the Club.

Reserve Fund

This fund and its related cash accounts and certificates of deposit will be used to accumulate financial resources designated for repairs and upgrades to the Club's dam, as required by NJ DEP.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Member Assessments

Members are subject to annual assessments of \$475 to provide for the Association's operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from members. Any assessments received in advance at the balance sheet date are deferred until due and recorded as advance assessments on the balance sheet.

Accounts receivable represent assessments unpaid at the end of the calendar year. The Board has determined, based on past experience, that assessments more than 90 days past due should be deemed uncollectible and as such, an allowance has been set up for \$14,305. Nevertheless, the Club's policy is to continue efforts to collect all past due accounts receivable and such collections, if any, will be credited in the year collected.

Interest Income

Interest income earned on cash balances of each fund are allocated directly to the operating and reserve funds.

Statement of Cash Flow

The Club considers all certificate of deposits to be cash equivalents. At December 31, 2020 cash consists of amounts held in checking and savings accounts and certificates of deposit at banks. Investments in certificates of deposit are considered to be held to maturity with only minor and temporary market fluctuations, therefore, all certificates of deposit are recorded at cost plus interest earned.

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 reported period. Actual results could differ from those estimates.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Income Taxes

Homeowners associations may be taxed either as associations or as regular corporations. For the year ended December 31, 2020 the Association was taxed as an association. Under that election, the Association is taxed on its non-exempt function income, such as interest income, at a rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. For the year ended December 31, 2020, there was no income tax expense. The Association is considered a tax exempt entity for New Jersey corporate taxes.

The Association's federal tax returns for years before 2017 are no longer subject to examination by the Internal Revenue Service.

NOTE 4 Concentrations of Credit Risks

The Club has, in the normal course of its business, non-collateralized assessments due from members. If members fail to make payment to the Club, the amount of loss incurred would be charged to operations in the year of write-of. Management has determined that the full collection of assessments is not realizable and therefore assessments receivable have been recorded net of uncollectible amounts at December 31, 2019 of \$14,205.

The Association maintains cash account balances at financial institutions, which, may at times during the year may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Board continues to evaluate this risk and believes there is no exposure to loss at the date the financial statements were available to be issued.

NOTE 5 Loan - NJDEP

The Club has entered into a loan with the State of NJ DEP for restoration work on the Taunton Lake Dam. Total loan commitment is for \$433,440, payable over 20 years bearing interest at 2% per annum on the unpaid principal balance from the date of the initial loan disbursement by the state to the Club until payment of the entire principal balance. Interest accrued against each interim drawdown of the loan, from the date of the first drawdown to a date three months following the last project drawdown, must be paid to the state three months after the final drawdown.

During the year ended December 31, 2020 the Club did not take any drawdowns from the loan.

At December 31, 2020 the Club has been advanced \$386,285 from the state.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 Property Management Contract

Effective March 1, 2020 through February 28, 2021, and annually renewable thereafter unless either party provides written notice 30 days prior to expiration, the Club is managed by Target Property Management, requiring monthly payments of \$650. Property management fee expense for the year ended December 31, 2020 was \$7,166 which also included some administrative charges.

NOTE 7 Financial Concentrations

A majority of the Club's revenue is derived primarily from members and the Club is dependent upon this source of income for its ongoing operations. Collection of members assessments is vital to the ongoing financial support and stability of the Club.

NOTE 8 Revenue Recognition

Revenue from owner assessments are recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board (FASB) issued Accounting Standards Code (ASC) 606 requiring the deferral of recognition of income until the services are rendered. The Club has determined ASC 606 does not apply to the Club as no customer relationship exists as it is defined by the Code. The Club does not defer the recognition of any portion of revenue as Contract Liability.

NOTE 9 Uncertainties

As a result of the COVID-19 outbreak in the United States and globally, economic uncertainties have arisen that may cause disruption and could impact the Association's ability to carry out its normal activities. Though the extent of disruption is expected to be temporary, as of the date of the issuance of these financial statements, the Club cannot reasonably estimate the impact to the Association's future activities, revenues, financial condition or results of operations.