

OTCC ANNUAL MEETING 2022

Treasurer's Report

for the 2022 Annual Meeting - May 1, 2022

The OTCC finished 2021 with a total surplus of \$19,095 and an operating deficit of \$2,931. Frank April, CPA, of Marlton, has conducted the annual independent audit of the OTCC's financials for the 2021 calendar year. A copy of his report is attached. The breakdown of expenses for 2021 is shown on page 5 of the report.

Several one-time repairs contributed to the deficit. \$1589 was spent for materials to repair the community dock at the end of Devon Road, which had become unsafe. Resident Brian Green made the repairs as a volunteer. Brian also built a new community boat rack near the beach, with \$778 spent on materials. \$380 was spent to replace the emergency telephone at the beach, which had become inoperable. \$4977 was spent to replace and update required signage at the beach, and to repair and restore the large Taunton Lake sign at the corner of Hopewell and Breakneck Roads. In addition, \$5065 was spend on weed control; the amount was more than it has been in recent years because the entire lake needed to be treated, as opposed to spot treatments that have been the norm in recent years.

There were no expenses associated with the dam construction in 2021 as we continued to wait for the state DEP to review and approve the completed project. The approval finally came in April of this year. In total, we have drawn down \$386,285 (unchanged from the prior two years) from the \$433,000 20-year low interest loan provided by the State to help finance the dam construction. The overall cost for the project and finance cost are lower than originally anticipated, but final amounts and the repayment schedule could not be tabulated until dam approvals were provided by the NJDEP. The approvals took far longer than was expected, while interest accrued on the amounts borrowed from the dates of the borrowings. We currently (April 24, 2022) have \$352,616 in our reserve account, with more to be added as current dues come in. An accrued interest payment of \$58,520 is due on June 24, with further payments of principal and interest due semiannually over the next four years, all that remains of time of the 20 year loan term. We are currently in discussion with the DEP on how best structure the repayment schedule to minimize interest and thus reduce the total cost, but being 16 years into a 20 year loan repayment period leaves us with little flexibility to make adjustments.

Dues for 2022 are unchanged from last year, at \$475. Of that, \$150 is placed in the reserve fund that was established 16 years ago to build up a reserve to pay down the loan financing the State-mandated upgrades to our dam. The remaining \$325 of your annual dues payment funds the club's operations and provides for monitoring and maintaining the quality of the lake, upkeep of the beach and other common areas, dealing with various property issues, underwriting of various member events, and payment of taxes, insurance premiums, accounting and legal fees, and other administrative costs. Our operating fund balance as of April 24, 2022, is \$45,390, with more to be added as current dues come in.

Respectfully submitted,
Jerry Klein, Treasurer

OLD TAUNTON COLONY CLUB, INC.

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
OLD TAUNTON COLONY CLUB INC

Opinion

I have audited the accompanying financial statements of OLD TAUNTON COLONY CLUB INC, which comprise the balance sheet as of December 31, 2021, 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.

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, 2021, 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.

Basis for Opinion

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of OLD TAUNTON COLONY CLUB INC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, 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 these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OLD TAUNTON COLONY CLUB INC 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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but 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 controls. Misstatements are considered material if there is 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatements 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 OLD TAUNTON COLONY CLUB INC 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 my judgment, there are no conditions or events, considered in the aggregate, that raise substantial doubt about OLD TAUNTON COLONY CLUB INC ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Francis J April CPA LLC
Marlton, New Jersey
March 10, 2022

Francis J. April CPA LLC

OLD TAUNTON COLONY CLUB, INC.

BALANCE SHEET

DECEMBER 31,

	2021		
	Operating Fund	Reserve Fund	Total
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	26,990	339,709	366,699
Assessments Receivable, Net	975	-	975
Land, Lakes, Open Areas	15,400	-	15,400
Interfund Balance	(6,235)	6,235	-
<u>TOTAL ASSETS</u>	<u>37,130</u>	<u>345,944</u>	<u>383,074</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Current Liabilities</u>			
Accrued Expenses	2,771	-	2,771
Prepaid Assessments	35	-	35
Loan - NJDEP	-	386,285	386,285
<u>TOTAL LIABILITIES</u>	<u>2,806</u>	<u>386,285</u>	<u>389,091</u>
 <u>Fund Balances</u>			
Operating Fund	34,324	-	34,324
Reserve Fund (Deficit)	-	(40,341)	(40,341)
<u>TOTAL FUND BALANCES (DEFICITS)</u>	<u>34,324</u>	<u>(40,341)</u>	<u>(6,017)</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>37,130</u>	 <u>345,944</u>	 <u>383,074</u>

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
STATEMENT OF REVENUES AND EXPENSES

YEARS ENDED DECEMBER 31,

	2021		
<u>REVENUES</u>	Operating Fund	Reserve Fund	Total
Owner Assessments	49,073	21,752	70,825
Interest Income	21	274	295
Late Fees	1,250	-	1,250
Miscellaneous	20	-	20
<u>TOTAL REVENUES</u>	50,364	22,026	72,390
<u>EXPENSES</u>			
Administration Expenses	2,524	-	2,524
Annual Picnic and Community Events	65	-	65
Bad Debt Expense	2,720	-	2,720
Beach Expenses	6,698	-	6,698
Insurance	12,803	-	12,803
Lake Expenses	6,501	-	6,501
Legal	456	-	456
Maintenance and Repairs	7,841	-	7,841
Outside Accounting	3,355	-	3,355
Property Management Fees	7,510	-	7,510
Taxes - Real Estate	1,051	-	1,051
Telephone - Beach	457	-	457
Utilities - Beach	1,314	-	1,314
<u>TOTAL EXPENSES</u>	53,295	-	53,295
<u>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</u>			
	(2,931)	22,026	19,095

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2021

	Operating Fund	Reserve Fund	Totals
Balance (Deficit) - January 1, 2021	37,255	(62,367)	(25,112)
Excess (Deficit) of Revenues Over Expenses	(2,931)	22,026	19,095
Balance (Deficit) - December 31, 2021	34,324	(40,341)	(6,017)

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31,

	<u>2021</u>		
	Operating Fund	Reserve Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Excess (Deficit) of Revenues Over Expenses	(2,931)	22,026	19,095
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	(800)	-	(800)
Interfund Balance	32	(32)	-
<u>Increase (Decrease) In:</u>			
Accrued Expenses	2	-	2
Prepaid Assessments	35	-	35
<u>Net Cash Provided By (Used In) Operating Activities</u>	<u>(3,662)</u>	<u>21,994</u>	<u>18,332</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>(3,662)</u>	<u>21,994</u>	<u>18,332</u>
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>30,652</u>	<u>317,715</u>	<u>348,367</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>26,990</u>	<u>339,709</u>	<u>366,699</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, 2021 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 March 10, 2022, 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 \$17,025. 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, 2021 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, 2021 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, 2021, 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 2018 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-off. 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, 2021 of \$17,025.

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, 2021 the Club did not take any drawdowns from the loan.

At December 31, 2021 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, 2021 was \$7,510 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.

OTCC Beach Committee - 2022 Annual Report

The Beach Committee continues to maintain the beach and OTCC-owned areas to allow our members to enjoy a safe, comfortable, space to enjoy the lake. We follow all Burlington County Health Department requirements and regulations.

This year's Beach Clean-up event took place over three days and left the beach area, park area, parking lot, dam, and pathways in great shape to start the summer season. We thank all the families that gave their time and energy to this clean-up.

Improvements this year included 4 dead trees being removed from the boat rack area at the end of Devon Road as well as sand restoration for the beach. Fencing at the beach is under evaluation given the expense. Updates to the fencing around the beach parking lot will be prioritized due to Burlington County Health Department requirements.

The Taunton Lake Beach has received approval from the Burlington County Health Department to open for the season. All emergency equipment has been placed in the shed or the equipment rack. Please make sure children know these locations are not for use other than beach work or emergencies. There is a brown bin under the main sign as you enter the beach. This bin can be used for sand toys and other beach items to share.

The goose rope is up to prevent the geese from making a home on the beach. Additionally, the porta toilet is in place for the season and this will be locked with a key placed in the shed. Please remember to lock the toilet and return the key after use.

Beach Attendants have been selected for the season and will start Memorial Day weekend. In addition to cleaning the beach, checking for potential hazards, and completing the checklist from the Health Department, the Attendants will be checking tags and boat stickers. As we did last year, the Beach Attendants will have OTCC blue t-shirts when they are working. The tag and sticker checking allow us to reduce trespassing on the lake. Please have your tags visible when down at the beach area.

We look forward to a wonderful beach season!

Respectfully,
Monica Czyzyk
Beach Committee Chair

OTCC DAM COMMITTEE - 2022 ANNUAL REPORT

The members of the Dam Committee and Board of Trustees have continued their work to maintain our dam in a manner that complies with N.J. State standards for dam safety, including providing visual inspections, clearing of spillways, and vegetation maintenance.

Dam Improvement Project Status

Survey and design was initiated in 2006.

The majority of the dam improvement project was completed by December of 2015.

Some remaining work continued into the spring and early summer of 2016.

Cement coating of the primary spillway finished while the lake was lowered during April 2017.

Spillway gate was replaced in fall of 2017 and adjusted in 2018.

Punch list items were completed in 2018.

Completion of “punch list” items as necessary to obtain NJDEP approval

Project close out and as-built survey January 2020

Action taken during the last 12 months

Worked with ARH, Contec, and NJDEP to resolve, engineering and field changes during construction.

We received final approval from NJDEP of the Dam Improvement Project on March 15, 2022.

Maintained the dam to be clear of vegetation

Repaired vandalized gabion baskets

Solicited Engineering services for Regular 2-year dam inspection.

Dam inspection completed, draft report prepared and pending submittal to NJDEP.

Initiate Dam Loan Repayment

Proposed work for 2020

Maintain dam clear of vegetation

Review O&M manual and possible update

Review Emergency Action Plan and possible update

Dam Loan Agreement

The Board has taken advantage of a State program to provide low interest loans to dam owners for the purpose of making improvements to their dams. The initial loan amount was for \$433,400.00. This amount was intended to cover “soft costs” including survey, geotechnical, engineering and legal services as well as “hard costs” for construction. Based on the estimated 17.5 year repayment schedule the total amount to be repaid (including principal and interest) was \$526,488.80. This amount was to be adjusted based on date of the final draw down on the loan. The Board currently dedicates \$150.00 of each member’s annual dues payment to dam reconstruction fund which will be used to repay the loan.

Now that the project is complete and full accounting of project cost has been prepared. We are working with NJDEP to finalize the amortization and repayment of the loan. We are happy to report that the total to be repaid is approximately \$462,000, which represents a \$65,500 savings from the initial project estimate. Repayment will begin in June 2022 and be completed by June 2026.

Members of the Dam Committee are: Steve Lennon, Paul Lucas, and Phil Myers.

Respectfully submitted,

Steve Lennon, Chairperson, Dam Committee