



Seapointe Village Master Association, Inc.

**Financial Statements and
Supplementary Information**

March 31, 2022 and 2021



Seapointe Village Master Association, Inc.

Table of Contents

March 31, 2022 and 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 to 3
FINANCIAL STATEMENTS	
Balance Sheet	4 and 5
Statement of Revenues, Expenses, and Changes in Fund Balances (Deficit)	6 and 7
Statement of Cash Flows	8 and 9
Notes to Financial Statements	10 to 16
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenses, and Allocation to Funds as Compared to Budget	17 to 20
Schedule of Future Major Repairs and Replacements	21 to 26

Independent Auditor's Report

To the Board of Directors
Seapointe Village Master Association, Inc.
Wildwood Crest, New Jersey

Opinion

We have audited the accompanying financial statements of Seapointe Village Master Association, Inc. (the Association), which comprise the balance sheet as of March 31, 2022, and the related statements of revenues, expenses, and changes in fund balances (deficit) and cash flows for the year 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 March 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Association, as of and for the year ended March 31, 2021, were audited by other auditors, whose report dated January 10, 2022, expressed an unmodified opinion on those statements.

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 the 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 GAAS 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 GAAS, we:

- Exercise professional judgement 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 the 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues, expenses, and allocation to funds as compared to budget on Pages 17 to 20, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on Pages 21 to 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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 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.

Handwritten signature in black ink that reads "RKL LLP". The letters are cursive and somewhat stylized.

January 13, 2023
Exton, Pennsylvania

Seapointe Village Master Association, Inc.

Balance Sheet

	March 31, 2022			
	Operating	Deferred	Replacement	Total
	Fund	Maintenance	Fund	
		Fund		
Assets				
Cash and cash equivalents	\$ 84,613	\$ 97,010	\$ 965,387	\$ 1,147,010
Prepaid expenses	94,491	-	-	94,491
Property and equipment, net	1,370,728	-	-	1,370,728
Notes receivable, owner special assessments, net	-	-	7,258	7,258
Total Assets	\$ 1,549,832	\$ 97,010	\$ 972,645	\$ 2,619,487
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued expenses	\$ 37,559	\$ -	\$ -	\$ 37,559
Payroll expenses and taxes payable	14,323	-	-	14,323
Total Liabilities	51,882	-	-	51,882
Fund Balances				
Board-designated funds	-	97,010	972,645	1,069,655
Undesignated funds	1,497,950	-	-	1,497,950
Total Fund Balances	1,497,950	97,010	972,645	2,567,605
Total Liabilities and Fund Balances	\$ 1,549,832	\$ 97,010	\$ 972,645	\$ 2,619,487

Seapointe Village Master Association, Inc.

Balance Sheet (continued)

	March 31, 2021			
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	Total
Assets				
Cash and cash equivalents	\$ 85,385	\$ 79,389	\$ 1,212,464	\$ 1,377,238
Prepaid expenses	66,588	-	-	66,588
Property and equipment, net	1,341,493	-	-	1,341,493
Notes receivable, owner special assessments, net	-	-	22,154	22,154
Due from villages	29,599	-	-	29,599
Total Assets	\$ 1,523,065	\$ 79,389	\$ 1,234,618	\$ 2,837,072
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued expenses	\$ 30,558	\$ -	\$ -	\$ 30,558
PPP loan payable	219,887	-	-	219,887
Payroll expenses and taxes payable	12,033	-	-	12,033
Total Liabilities	262,478	-	-	262,478
Fund Balances				
Board-designated funds	-	79,389	1,234,618	1,314,007
Undesignated funds	1,260,587	-	-	1,260,587
Total Fund Balances	1,260,587	79,389	1,234,618	2,574,594
Total Liabilities and Fund Balances	\$ 1,523,065	\$ 79,389	\$ 1,234,618	\$ 2,837,072

See accompanying notes.

Seapointe Village Master Association, Inc.

Statement of Revenues, Expenses, and Changes in Fund Balances (Deficit)

	Year Ended March 31, 2022			Total
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	
Revenues				
Master fees from villages	\$ 2,124,344	\$ 32,000	\$ 287,564	\$ 2,443,908
Reimbursements from villages	206,023	-	-	206,023
Initial assessments	31,124	-	-	31,124
Interest income	-	275	3,779	4,054
Amenities usage fee	100,464	-	-	100,464
Parking charges	18,896	-	-	18,896
Owner service charges	23,600	-	-	23,600
Beach tags and recreation fees	24,515	-	-	24,515
Lease fees, beach hut	32,000	-	-	32,000
PPP forgiveness	219,887	-	-	219,887
Other income	2,818	-	2,010	4,828
Total Revenues	2,783,671	32,275	293,353	3,109,299
Expenses				
Administrative expenses	426,432	-	1,770	428,202
Payroll and employee expenses	1,406,841	-	-	1,406,841
Utilities and insurance	530,057	-	-	530,057
Residential and maintenance services	512,271	14,654	-	526,925
Major repairs and replacements	-	-	224,263	224,263
Total Expenses	2,875,601	14,654	226,033	3,116,288
Excess (Deficit) of Revenues over Expenses	(91,930)	17,621	67,320	(6,989)
Fund Balances at Beginning of Year	1,260,587	79,389	1,234,618	2,574,594
Board approved interfund transfers, other	329,293	-	(329,293)	-
Fund Balances at End of Year	\$ 1,497,950	\$ 97,010	\$ 972,645	\$ 2,567,605

Seapointe Village Master Association, Inc.

Statement of Revenues, Expenses, and Changes in Fund Balances (Deficit) (continued)

	Year Ended March 31, 2021			Total
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	
Revenues				
Master fees from villages	\$ 2,373,468	\$ -	\$ -	\$ 2,373,468
Reimbursements from villages	205,646	-	-	205,646
Initial assessments	41,500	-	-	41,500
Interest income	-	173	8,880	9,053
Amenities usage fee	97,524	-	-	97,524
Parking charges	6,498	-	-	6,498
Owner service charges	17,070	-	-	17,070
Beach tags and recreation fees	9,040	-	-	9,040
Lease fees, beach hut	32,000	-	-	32,000
Other income	73	-	-	73
Total Revenues	<u>2,782,819</u>	<u>173</u>	<u>8,880</u>	<u>2,791,872</u>
Expenses				
Administrative expenses	415,611	-	925	416,536
Payroll and employee expenses	1,242,205	-	-	1,242,205
Utilities and insurance	463,908	-	-	463,908
Residential and maintenance services	461,530	-	26,257	487,787
Major repairs and replacements	-	-	129,262	129,262
Total Expenses	<u>2,583,254</u>	<u>-</u>	<u>156,444</u>	<u>2,739,698</u>
Excess (Deficit) of Revenues over Expenses	199,565	173	(147,564)	52,174
Fund Balances at Beginning of Year	1,441,078	47,218	1,034,124	2,522,420
Board approved interfund transfers, assessments	(270,996)	31,998	238,998	-
Board approved interfund transfers, other	(109,060)	-	109,060	-
Fund Balances at End of Year	<u>\$ 1,260,587</u>	<u>\$ 79,389</u>	<u>\$ 1,234,618</u>	<u>\$ 2,574,594</u>

See accompanying notes.

Seapointe Village Master Association, Inc.

Statement of Cash Flows

	Year Ended March 31, 2022			Total
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	
Cash Flows from Operating Activities				
Excess (deficit) of revenues over expenses	\$ (91,930)	\$ 17,621	\$ 67,320	\$ (6,989)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by (used in) operating activities				
Depreciation expense	14,743	-	-	14,743
Provision for bad debts	-	-	9,966	9,966
PPP loan forgiveness	(219,887)	-	-	(219,887)
(Increase) decrease in assets				
Notes receivable, owner special assessments	-	-	4,930	4,930
Due from villages	29,599	-	-	29,599
Prepaid expenses	(27,903)	-	-	(27,903)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	7,001	-	-	7,001
Payroll expenses and taxes payable	2,290	-	-	2,290
Net Cash Provided by (Used in) Operating Activities	(286,087)	17,621	82,216	(186,250)
Cash Flows from Investing Activities				
Acquisition of property and equipment	(43,978)	-	-	(43,978)
Net Cash Used in Investing Activities	(43,978)	-	-	(43,978)
Cash Flows from Financing Activities				
Interfund (repayments) borrowings, net	329,293	-	(329,293)	-
Net Cash Provided by (Used in) Financing Activities	329,293	-	(329,293)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(772)	17,621	(247,077)	(230,228)
Cash and Cash Equivalents at Beginning of Year	85,385	79,389	1,212,464	1,377,238
Cash and Cash Equivalents at End of Year	\$ 84,613	\$ 97,010	\$ 965,387	\$ 1,147,010

See accompanying notes.

Seapointe Village Master Association, Inc.

Statement of Cash Flows (continued)

	Year Ended March 31, 2021			Total
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	
Cash Flows from Operating Activities				
Excess (deficit) of revenues over expenses	\$ 199,565	\$ 173	\$ (147,564)	\$ 52,174
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by (used in) operating activities				
Depreciation expense	9,864	-	-	9,864
Provision for bad debts	-	-	9,484	9,484
(Increase) decrease in assets				
Notes receivable, owner special assessments	-	-	114,090	114,090
Due from villages	(9,385)	-	-	(9,385)
Prepaid expenses	(16,194)	-	-	(16,194)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	(64,836)	-	-	(64,836)
Payroll expenses and taxes payable	(3,271)	-	-	(3,271)
Net Cash Provided by (Used in) Operating Activities	<u>115,743</u>	<u>173</u>	<u>(23,990)</u>	<u>91,926</u>
Cash Flows from Financing Activities				
Repayments of note payable	-	-	(150,000)	(150,000)
Proceeds from PPP loan	219,887	-	-	219,887
Interfund (repayments) borrowings, net	(380,056)	31,998	348,058	-
Net Cash Provided by (Used in) Financing Activities	<u>(160,169)</u>	<u>31,998</u>	<u>198,058</u>	<u>69,887</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(44,426)</u>	<u>32,171</u>	<u>174,068</u>	<u>161,813</u>
Cash and Cash Equivalents at Beginning of Year	<u>129,811</u>	<u>47,218</u>	<u>1,038,396</u>	<u>1,215,425</u>
Cash and Cash Equivalents at End of Year	<u>\$ 85,385</u>	<u>\$ 79,389</u>	<u>\$ 1,212,464</u>	<u>\$ 1,377,238</u>
Supplemental Disclosure of Cash Flow Information				
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,545</u>	<u>\$ 3,545</u>

See accompanying notes.

Seapointe Village Master Association, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 1 - Nature of Association

Seapointe Village Master Association, Inc. (the Association) is a statutory condominium association incorporated in the State of New Jersey and located in the Diamond Beach section of Wildwood Crest, New Jersey. The purpose of the Association is to provide for the maintenance, management, and operation of common property and recreational facilities. The Association consists of unit owners of seven constituent villages (Villages): Seapointe Village I through V, Seapointe Village VII, and Single Family Homes at Seapointe Village. The Association also provides for the operation of recreational facilities for residents of the Ibis Residences (Ibis), which is located in close proximity to the Villages.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Disbursements from the operating fund are generally at the discretion of the Board of Directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund

This fund is used to account for financial resources available for the general operations of the Association.

Deferred Maintenance Fund

This fund is used to accumulate financial resources in order to perform maintenance services which occur less frequently than annually.

Replacement Fund

This fund is used to accumulate financial resources designated for future major repairs and replacements.

Basis of Presentation

The Association prepares its financial statements on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include cash in operating fund, deferred maintenance fund, and replacement fund bank accounts, and money market accounts, as well as cash on hand.

Seapointe Village Master Association, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Member Assessments and Revenue Recognition

Member Fees and Reimbursements from Villages

The Villages are subject to monthly assessments to provide funds for the Association's operating expenses, maintenance services, future capital acquisitions, and major repairs and replacements. The annual budget and assessments of the Villages are determined by the Board of Directors and are approved by the owners. In addition, the Villages, as well as Ibis, reimburse the Association for common payroll costs incurred during the year. The reimbursable amounts are also included in the annual budget and approved by the owners.

The following represents the master fees and reimbursements received during the years ended March 31:

	2022		2021	
	Master Fees	Reimbursements	Master Fees	Reimbursements
Seapointe Village I Condominium Association, Inc.	\$ 511,836	\$ 44,718	\$ 497,328	\$ 50,688
Seapointe Village II Condominium Association, Inc.	511,836	42,955	497,328	40,086
Seapointe Village III Condominium Association, Inc.	365,460	31,841	355,128	28,314
Seapointe Village IV Condominium Association, Inc.	235,644	30,657	228,972	29,559
Seapointe Village V Condominium Association, Inc.	343,752	27,675	333,984	26,170
Single Family Homes at Seapointe Village	116,640	2,757	113,040	3,387
Seapointe Village VII Condominium Association, Inc.	358,740	4,799	347,688	4,914
Ibis Residences	-	20,621	-	22,528
	<u>\$ 2,443,908</u>	<u>\$ 206,023</u>	<u>\$ 2,373,468</u>	<u>\$ 205,646</u>

As of March 31, 2022 and 2021, \$-0- and \$29,599, respectively, in master fees were due from Seapointe Village VII.

Seapointe Village Master Association, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Member Assessments and Revenue Recognition (continued)

Amenities Usage Fee

The Association charges an amenities usage fee to the residents of Ibis. The annual fee amount is based on the total budgeted nonadministrative expenses of the Association, not to increase by greater than 5% per annum.

Initial Assessments

The Association charges an initiation fee, equivalent to two months of monthly condo dues, to each owner upon initial purchase of a unit. There were approximately 27 units and 36 units sold across all Villages during the years ended March 31, 2022 and 2021, respectively.

Lease Fees, Beach Hut

The Association purchased a 28-foot kitchen trailer in February 2017 and rents the trailer to a third-party for a fee on an annual basis. The third-party uses the trailer to sell food and beverages to residents of the Villages.

Other Revenue

The Association has various other sources of revenue as indicated in the financial statements, which are recognized in accordance with agreements or when collected from other ancillary income.

Revenue Recognition

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, deferred maintenance, 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 assessments are satisfied over time on a daily pro-rata basis using the input method.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Assessments receivable are written off when deemed uncollectible. Recoveries of assessments receivable previously written off are recorded when received. An assessment receivable is considered to be past due if any portion of the receivable balance is outstanding for more than one month. A late fee is charged on assessments receivable that are outstanding for more than one month and is recognized as income as it is charged.

Deferred Maintenance and Replacement Reserve Assessments

The Board of Directors is funding for major repairs and replacements over the remaining useful lives of the components based on the estimate of those lives and current replacement costs after considering the amounts previously accumulated in the replacement fund. Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacement of common property components.

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Maintenance and Replacement Reserve Assessments (continued)

Actual expenditures may vary from the estimated amounts and the variations may be significant. Therefore, amounts accumulated in the deferred maintenance and replacement funds may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

Property and Equipment

In accordance with prevalent industry practice, the Association's policy is not to capitalize real property directly associated with individual units, or part of the fee simple ownership of the individual units. Also in accordance with prevalent industry practice, the Association's policy is to capitalize all equipment, personal property, and real property not directly associated with the units to which it has title and to which it (1) has the right to sell and retain proceeds of or (2) can use the property to generate significant cash flows on the basis of usage. Property and equipment that meet the preceding requirements are capitalized at cost and depreciated using the straight-line method over estimated useful lives. All other costs of repair and replacement are expensed as incurred or charged to the replacement fund if provided for therein.

As of March 31, 2022 and 2021, property not capitalized consists of sidewalks, roadways, parking areas, and open areas. The Association received these common elements in a nonmonetary transaction with the developers. Since the use and disposition of these properties are restricted or governed by the Association's legal documents, no amounts have been capitalized or reflected on the accompanying balance sheet.

Use of Estimates

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

Income Taxes

Condominium associations may be taxed either as homeowners associations on Federal Form 1120-H, or as regular corporations on Form 1120, and a separate election can be made for each year depending on which election is more advantageous. For the year ended March 31, 2022, the Association intends to file its income tax return on Form 1120-H. The Association's investment income and other nonexempt income are subject to tax.

The Association is incorporated pursuant to Title 15 of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Association has no unrecognized tax benefits as of March 31, 2022 or 2021. The Association's federal income tax returns prior to 2018 are no longer subject to examination and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Association recognizes interest and penalties associated with tax matters as operating expenses and includes accrued interest and penalties with accrued expenses in the balance sheet. There were no income tax-related interest and penalties recorded for the years ended March 31, 2022 or 2021.

Recent Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and subsequently amended in ASU 2019-10 and ASU 2020-05. The guidance in these ASUs supersedes the leasing guidance in Topic 840, *Leases*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases, based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The new standard is effective for privately held companies for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Association will be evaluating the impact of this guidance on the financial statements.

Note 3 - Risks and Uncertainties

Credit Risk

The Association maintains cash balances at financial institutions, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation. The Association has not experienced any losses in such accounts, and the Association believes it is not exposed to any significant credit risk on its cash.

Other Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economy, financial markets, and the geographical area in which the Association operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Association.

Seapointe Village Master Association, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 3 - Risks and Uncertainties

Other Uncertainties (continued)

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 4 - Property and Equipment

The following is a summary of property and equipment as of March 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,275,000	\$ 1,275,000
Improvements	26,519	26,519
Furniture, fixtures, and equipment	<u>296,172</u>	<u>252,194</u>
	1,597,691	1,553,713
Accumulated depreciation	<u>(226,963)</u>	<u>(212,220)</u>
	<u>\$ 1,370,728</u>	<u>\$ 1,341,493</u>

Note 5 - Replacement Fund

The Association's governing documents require that funds accumulate for future major repairs and replacements. Accumulated funds that aggregated \$972,645 and \$1,234,618 as of March 31, 2022 and 2021, respectively, are held in separate accounts and are generally not available for operating purposes. It is the Association's policy to allocate investment income earned on such funds to the Replacement Fund.

Note 6 - Paycheck Protection Program (PPP) Loans

In May 2020, the Association received a PPP loan from the U.S. Small Business Administration (SBA) in the amount of \$219,887. The loan was made available by the Coronavirus Aid, Relief, and Economic Security Act and is designed to help businesses and nonprofit organizations keep their workforce employed during the COVID-19 crisis. The loan will be fully forgiven if the funds were used for payroll costs, interest on mortgages, rent, or utilities over a covered period of either eight or twenty-four weeks, as determined by the borrower. No collateral or personal guarantees were required and there are no fees associated with the loan. The loan matures in two (2) years and the interest rate is 1.00%.

The Association has elected to follow FASB Accounting Standards Codification 470, *Debt*, by recognizing the PPP loan as a liability as of March 31, 2021. In May 2021, the loan was fully forgiven by the bank and SBA and the balance of \$219,887 is reported on the statement of revenue, expenses, and changes in fund balances (deficit) for the year ended March 31, 2022.

Seapointe Village Master Association, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 7 - Subsequent Events

The Association has evaluated subsequent events through January 13, 2023. This date is the date the financial statements were available to be issued. No material events subsequent to March 31, 2022 were noted.

Seapointe Village Master Association, Inc.

Schedule of Revenues, Expenses, and Allocation to Funds as Compared to Budget

	Year Ended March 31, 2022		
	Actual	Budget	Variance
Revenues			
Master fees from villages	\$ 2,443,908	\$ 2,442,756	\$ 1,152
Reimbursements from villages	206,023	205,000	1,023
Initial assessments	31,124	32,000	(876)
Interest income	4,054	-	4,054
Service charges, parking, and IBIS	142,960	132,464	10,496
Beach tags and recreation fees	24,515	24,400	115
Lease fees, beach hut	32,000	32,000	-
PPP forgiveness	219,887	-	219,887
Other income	4,828	-	4,828
Total Revenues	3,109,299	2,868,620	240,679
Expenses			
Administrative expenses			
Management fees	269,400	265,200	(4,200)
Bad debts expense	9,966	19,456	9,490
Depreciation expense	14,743	-	(14,743)
Dues and subscriptions	310	-	(310)
Gifts and contributions	110	-	(110)
Licenses and permits	5,001	-	(5,001)
Office supplies and expense	15,574	30,600	15,026
Postage and delivery	4,857	45,250	40,393
Professional fees	78,943	56,250	(22,693)
Rent	19,500	-	(19,500)
Other expenses	163	-	(163)
Taxes and fees	9,635	-	(9,635)
Total administrative expenses	428,202	416,756	(11,446)
Payroll and employee expenses			
Salaries and wages	1,184,153	1,229,500	45,347
Payroll taxes	157,548	-	(157,548)
Group insurance and benefits	65,140	-	(65,140)
Total payroll and employee expenses	1,406,841	1,229,500	(177,341)
Utilities and insurance			
Cable TV	16,339	15,000	(1,339)
Electricity	98,757	110,000	11,243
Gas	51,326	45,000	(6,326)
Insurance	187,402	165,700	(21,702)
Telephone	21,800	-	(21,800)
Water and sewer	154,433	135,000	(19,433)
Total utilities and insurance	530,057	470,700	(59,357)

Seapointe Village Master Association, Inc.

Schedule of Revenues, Expenses, and Allocation to Funds as Compared to Budget (continued)

	Year Ended March 31, 2022		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenses (continued)			
Residential and maintenance services			
Beach operating expenses	\$ -	\$ 48,000	\$ 48,000
Custodial supplies and materials	-	82,000	82,000
Damaged insured loss contingency	1,018	-	(1,018)
Exterminator	11,262	-	(11,262)
Landscaping	183,576	180,600	(2,976)
Pool, spa and lagoon supplies, and maintenance	129,822	70,000	(59,822)
Repairs and maintenance	145,402	-	(145,402)
Security supplies and equipment	28,112	12,500	(15,612)
Trash collection	16,356	28,000	11,644
Uniforms	11,377	11,000	(377)
	<u>526,925</u>	<u>432,100</u>	<u>(94,825)</u>
Total residential and maintenance services			
Major repairs and replacements			
Building, exterior	(8,113)	-	8,113
Equipment replacements	38,948	-	(38,948)
Professional fees	36,109	-	(36,109)
Pool supplies and maintenance	151,187	-	(151,187)
Recreation facilities	6,132	-	(6,132)
	<u>224,263</u>	<u>-</u>	<u>(224,263)</u>
Total major repairs and replacements			
Total Expenses	<u>3,116,288</u>	<u>2,549,056</u>	<u>(567,232)</u>
Excess (Deficit) of Revenues over Expenses	<u>(6,989)</u>	<u>319,564</u>	<u>(326,553)</u>
Fund Allocations			
Deferred maintenance fund allocations			
Allocated assessments	32,000	32,000	-
Allocated interest income	275	-	275
Residential maintenance and repairs	(14,654)	-	(14,654)
	<u>17,621</u>	<u>32,000</u>	<u>(14,379)</u>
Total deferred maintenance fund allocations			
Replacement fund allocations			
Allocated assessments	287,564	287,564	-
Other income	2,010	-	2,010
Allocated interest income	3,779	-	3,779
Bank service charges	(1,770)	-	(1,770)
Major repairs and replacements	(224,263)	-	(224,263)
	<u>67,320</u>	<u>287,564</u>	<u>(220,244)</u>
Total replacement fund allocations			
Total Fund Allocations, Net of Expenses	<u>84,941</u>	<u>319,564</u>	<u>(234,623)</u>
Excess (Deficit) of Revenues over Expenses, Net of Fund Allocations	<u>\$ (91,930)</u>	<u>\$ -</u>	<u>\$ (91,930)</u>

Seapointe Village Master Association, Inc.

Schedule of Revenues, Expenses, and Allocation to Funds as Compared to Budget (continued)

	Year Ended March 31, 2021		
	Actual	Budget	Variance
Revenues			
Master fees from villages	\$ 2,373,468	\$ 2,373,468	\$ -
Reimbursements from villages	205,646	200,000	5,646
Initial assessments	41,500	17,250	24,250
Interest income	9,053	-	9,053
Service charges, parking, and IBIS	121,092	122,524	(1,432)
Beach tags and recreation fees	9,040	8,000	1,040
Vending commissions	-	2,000	(2,000)
Lease fees, beach hut	32,000	32,000	-
Other income	73	-	73
Total Revenues	2,791,872	2,755,242	36,630
Expenses			
Administrative expenses			
Management fees	270,000	260,000	(10,000)
Bad debts expense	9,484	9,484	-
Bank service charges	925	-	(925)
Depreciation expense	9,864	11,254	1,390
Dues and subscriptions	310	500	190
Gifts and contributions	180	-	(180)
Licenses and permits	440	1,000	560
Meeting expenses	100	1,500	1,400
Office supplies and expense	29,724	20,750	(8,974)
Postage and delivery	6,803	5,000	(1,803)
Professional fees	59,669	60,500	831
Rent	19,500	19,500	-
Taxes and fees	9,537	9,600	63
Total administrative expenses	416,536	399,088	(17,448)
Payroll and employee expenses			
Salaries and wages	1,045,464	995,000	(50,464)
Payroll taxes	133,721	131,808	(1,913)
Group insurance and benefits	63,020	55,000	(8,020)
Total payroll and employee expenses	1,242,205	1,181,808	(60,397)
Utilities and insurance			
Cable TV	14,937	15,000	63
Electricity	104,576	116,500	11,924
Gas	38,102	52,750	14,648
Insurance	151,763	153,500	1,737
Telephone	19,335	19,000	(335)
Water and sewer	135,195	126,000	(9,195)
Total utilities and insurance	463,908	482,750	18,842

Seapointe Village Master Association, Inc.

Schedule of Revenues, Expenses, and Allocation to Funds as Compared to Budget (continued)

	Year Ended March 31, 2021		
	Actual	Budget	Variance
Expenses (continued)			
Residential and maintenance services			
Custodial supplies and materials	\$ 170,439	\$ 112,500	\$ (57,939)
Damaged insured loss contingency	8,047	-	(8,047)
Exterminator	8,448	9,600	1,152
Heating, ventilation, and air conditioning	1,645	-	(1,645)
Landscaping	104,141	131,000	26,859
Pool, spa and lagoon supplies, and maintenance	84,069	70,000	(14,069)
Repairs and maintenance	51,583	51,000	(583)
Security supplies and equipment	16,591	12,500	(4,091)
Trash collection	33,544	23,000	(10,544)
Uniforms	9,280	11,000	1,720
Total residential and maintenance services	<u>487,787</u>	<u>420,600</u>	<u>(67,187)</u>
Major repairs and replacements			
Equipment replacements	18,745	-	(18,745)
Professional fees	11,331	-	(11,331)
Interest expense	3,545	-	(3,545)
Recreation facilities	95,641	-	(95,641)
Total major repairs and replacements	<u>129,262</u>	<u>-</u>	<u>(129,262)</u>
Total Expenses	<u>2,739,698</u>	<u>2,484,246</u>	<u>(255,452)</u>
Excess (Deficit) of Revenues over Expenses	<u>52,174</u>	<u>270,996</u>	<u>(218,822)</u>
Fund Allocations			
Deferred maintenance fund allocations			
Allocated assessments	31,998	31,998	-
Allocated interest income	173	-	173
Total deferred maintenance fund allocations	<u>32,171</u>	<u>31,998</u>	<u>173</u>
Replacement fund allocations			
Allocated assessments	238,998	238,998	-
Allocated interest income	8,880	-	8,880
Bank service charges	(925)	-	(925)
Residential and maintenance	(26,257)	-	(26,257)
Major repairs and replacements	(129,262)	-	(129,262)
Total replacement fund allocations	<u>91,434</u>	<u>238,998</u>	<u>(147,564)</u>
Total Fund Allocations, Net of Expenses	<u>123,605</u>	<u>270,996</u>	<u>(147,391)</u>
Excess (Deficit) of Revenues over Expenses, Net of Fund Allocations	<u>\$ (71,431)</u>	<u>\$ -</u>	<u>\$ (71,431)</u>

Seapointe Village Master Association, Inc.

Schedule of Future Major Repairs and Replacements

March 31, 2022

An independent engineer conducted a study in October of 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed contractors who inspected the property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date, but they do take into account the effect of inflation of 2% between the date of the study and the date the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property:

Components	Original 2017 Schedule (Unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Paving		
2' Cap - Asphalt Pavement	0	\$ 222,800
Decorative Concrete Pavers (Ibis Ln Cir over 2 yrs)	3	116,269
Decorative Concrete Pavers (Plaza Deck & Remaining, over 4 yrs)	18	388,749
Concrete Sidewalk (Ibis Pool & Playground)	20	33,575
Concrete Sidewalk (Plaza Deck)	18	152,320
Stamped Concrete (Ibis Pool & Playground)	20	31,488
Colored Concrete Pool Deck-Centre Court	15	61,360
Colored Concrete Pool Deck-Garden	8	31,020
Colored Concrete Pool Deck-Ocean Side	18	26,100
Concrete Hot Tub Deck-Ocean Side	0	9,000
Concrete Walkways	25	23,350
Concrete Walkways	26	36,300
Concrete Walkways	27	3,000
Concrete Walkways	28	8,875
Illumination		
20' Aluminum Street Lights (over 5 yrs)	10	178,750
Plaza Bollard Lighting	13	19,000
Bollard Lighting-Walkways	13	19,000
Fencing		
10' High Vinyl Chainlink - Tennis Ct.	10	11,840
4' High Vinyl Chainlink - Tennis Ct.	10	3,750
4' High Aluminum Fence (Ibis Pool & Playground)	15	21,105
4' High Aluminum Fence (Centre Court)	1	30,870
4' High Tubular Post & Railing (Centre Court)	2	2,782
4' High Aluminum Fence (Garden Pool)	0	19,656
4' High Aluminum Fence (Ocean Side)	13	50,400
6' Vinyl Chainlink Fence (Pool Heaters)	1	911

Seapointe Village Master Association, Inc.

Schedule of Future Major Repairs and Replacements (continued)

March 31, 2022

Components	Original 2017 Schedule (Unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Fencing (continued)		
8' High Vinyl Privacy Fence	15	\$ 18,813
4' Vinyl Fence (Townhomes 400, 500 & 600)	20	14,418
5' Vinyl Fence (Townhomes 300, 500, 600, & 700)	20	7,893
6' Vinyl Fence (Townhomes 300 Series)	20	10,940
7' Vinyl Fence (Townhomes 300 Series)	20	5,784
6' Vinyl Fence - Dune Drive	16	53,385
6' Vinyl Fence - (behind 100 & 200 bldg. Townhomes)	18	17,503
6' Vinyl Fence - (behind 300, 700, & 800 bldg. Townhomes)	20	28,394
6' Wood Fence (Dune Drive)	0	4,920
Retaining Walls		
Poured Concrete Retaining Wall (west elevation of tennis court)	25	8,700
Concrete Field Stone Retaining Wall (Ibis pool area)	17	26,862
Concrete Field Stone Retaining Wall (Garden) Timber Retaining Wall: Replace w/ Seg.	17	53,276
Block (South Beach, SW corner)	10	4,029
Masonry Concrete Retaining Wall: CMU block, stucco finish (over 5 yrs)	10	145,668
Ceramic Tile (masonry concrete retaining walls)	2	6,930
Aluminum Railing	2	10,700
Recreation		
Tennis Court Resurface	0	17,600
Tennis Court Reconstruction	10	110,000
Basketball Court Resurface	0	8,800
Basketball Court Reconstruction	10	55,000
Tot Lot & Swing Set	8	25,000
Wood Edging	14	300
Pool Coping & Waterline Tile - Ibis Pool/Spa	4	13,200
Pool Resurfacing - Ibis Pool/Spa	0	7,533
Pool Coping & Waterline Tile - Centre Court	3	35,400
Pool Resurfacing - Centre Court	0	8,469
Pool Coping & Waterline Tile - Garden	5	9,900
Pool Resurfacing - Garden	0	6,480
Pool Coping & Waterline Tile - Ocean Side	8	25,800
Pool / Spa Resurfacing - Ocean Side	0	25,650

Seapointe Village Master Association, Inc.

Schedule of Future Major Repairs and Replacements (continued)

March 31, 2022

Components	Original 2017 Schedule (Unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Ibis Exterior Components		
Pool Furnishings	2	\$ 20,000
6" Aluminum Gutters	10	1,639
4" x 3" Aluminum Leaders	10	996
Single Aluminum & Glass Door	15	1,425
Double Aluminum & Glass Doors	15	4,650
Sliding Glass Doors (9' x 8')	15	7,000
Ibis Interior Components		
Vinyl Composite Floor Tile	20	1,828
Ceramic Floor & Wall Tile (1" x 1")	28	5,002
Acoustical Ceiling Tile	20	1,828
Restroom Renovation	10	8,500
Ibis Mechanical Components		
Pool Filters & Pumps	8	26,350
Pool Heaters - 325K Btu	13	6,500
Electric Water Heater - 40 Gallon	2	1,000
HVAC	10	15,500
Centre Court Exterior Components		
Composite Decking	15	7,200
Wooden Pedestrian Bridge (over pool)	0	13,000
Pool Equipment Shed	10	3,000
Centre Court Mechanical		
Spa Heater	4	2,350
Spa Filter & Pump	4	3,500
Pool Heater - 399K Btu	5	3,850
Pool Heater - 399K Btu	10	3,850
Pool Heater - 299K Btu	14	3,300
Pool Filters & Pumps	5	16,500
Garden Exterior Components		
Pool Furnishings	3	20,000
Composite Bench	11	2,150
Garden Mechanical Components		
Pool Heater - 250K Btu	14	3,275
Pool Heater - 399K Btu	3	3,850
Pool Heater - 399K Btu	12	3,850
ADA Pool Chair Lift	8	8,000
Pool Filters & Pumps	9	16,500

Seapointe Village Master Association, Inc.

Schedule of Future Major Repairs and Replacements (continued)

March 31, 2022

Components	Original 2017 Schedule (Unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Ocean Side Exterior Components		
Lounge Chairs (\$8,000 allowance every other year)	0	\$ 8,000
Picnic Tables/Umbrellas	11	17,100
Composite Decking (over 3 yrs)	7	318,600
Composite Modular Rollout Decking	15	51,560
Composite Modular Rollout Decking Extension	21	12,374
Composite Modular Rollout Decking Extension	24	9,881
Ocean Side Mechanical		
ADA Pool Chair Lift	0	8,000
Pool Heaters	5	3,000
Pool Heaters	12	3,000
Pool Heaters - 175K Btu	5	5,300
Pool Heaters - 175K Btu	12	2,650
Pool Pumps and Filters	5	13,650
A/C Condenser (Pinnacle Common Area)	16	2,150
A/C Condenser (North Beach Management Office)	18	3,350
Miscellaneous Sitework		
Trash/ Recycling Receptacles (over 7 yrs)	7	14,400
Shower Towers	2	35,000
Tiki Huts (12 EA every 3 years)	5	56,000
BBQ Grills (3 EA every year)	3	8,400
Storage Sheds: 10' x 12' (Beach Area)	19	3,700
Storage Sheds: 10' x 12' (Beach Area)	11	3,700
Storage Sheds: 10' x 12' (Beach Area)	1	3,700
Storage Shed: 30' x 20' (windows, doors, garage doors, siding, roofing)	25	16,250
Wood Gazebo: Wood Roof System (large)	3	4,500
Wood Gazebo: Wood Roof System (small)	0	2,250
Restroom Renovation - Beach	0	16,000
Composite Benches / Steel Frame	13	12,000
Lagoons and Components (over 2 yrs)	0	53,000
Lagoons and Components (over 5 yrs)	10	476,250
Steel Dumpsters (over 7 yrs)	0	42,900
Steel Dumpsters	27	6,600
Steel Dumpsters	28	4,950
Beach Wheelchairs	0	10,000
Beach Wheelchairs	18	10,000

Seapointe Village Master Association, Inc.

Schedule of Future Major Repairs and Replacements (continued)

March 31, 2022

Components	Original 2017 Schedule (Unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Miscellaneous Mechanical		
Access Gates & Controllers (over 4 yrs)	0	\$ 20,200
Access Gates (Seaview Avenue Entrance)	121	8,915
Card Reader System	3	38,200
Parking Meters	1	10,575
Gatehouse HVAC Split System (Furnace & A/C Condenser)	13	5,000
Vehicles		
Golf Carts	2	3,000
Gold Carts	8	9,000
Kubota Tractor w/Front Loader	8	40,000
Kubota Tractor w/Front Loader	13	40,000
Food Concession Trailer	12	90,000
Pinnacle Exterior		
Double Glass-Paneled Door w/ Sidelights (east elevation)	9	8,650
Automatic Double Glass Door (east elevation vestibule)	8	9,000
Single Glass-Paneled Doors (game room & pinnacle room)	9	4,000
Pinnacle Interior Finishes Meeting Room		
Carpet	11	7,958
Acoustical Ceiling Tiles	5	1,478
Furniture	0	15,000
Kitchen Amenities	0	1,000
Ceramic Tile	5	784
Exercise Room		
Interlocking Rubber Tiles	12	4,399
Exercise Equipment (over 3 yrs)	7	35,850
Acoustical Ceiling Tile	24	1,478
Game Room		
Carpet	1	4,244
Acoustical Ceiling Tiles	24	1,277
Miscellaneous		
Security System - (Cameras)	5	15,000
Sauna Heater	0	2,550
Cedar Sauna Finish	20	5,880
Steam Generator	6	3,385

Seapointe Village Master Association, Inc.

Schedule of Future Major Repairs and Replacements (continued)

March 31, 2022

Components	Original 2017 Schedule (Unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Restroom Facilities		
Ceramic Tile - (Men & Women's)	15	\$ 26,484
Acoustical Ceiling Tile	24	1,261
Restroom Renovation	5	26,500
Hallways		
Ceramic Tile	15	3,572
Office (North Beach)		
Carpet	7	1,850
Office Furniture	6	13,500
		<u>\$ 4,184,215</u>