

SERENITY POINT CONDOMINIUM ASSOCIATION, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
Year Ended December 31, 2023

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Independent Auditor's Report

To the Board of Directors
Serenity Point Condominium Association, Inc.

I have audited the accompanying financial statements of Serenity Point Condominium Association, Inc., a North Carolina corporation, which comprise the balance sheet as of December 31, 2023, and the related statements of revenues and expenses, changes in fund balance, 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 fraud or error.

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 risk 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 Serenity Point Condominium Association, Inc. as of December 31, 2023, 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Gay B. Marnedy, CPA, R.A.

Wilmington, North Carolina
June 5, 2024

SERENITY POINT CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
December 31, 2023

Assets	
Cash in bank	\$ 492,150
Accounts receivable	1,630
	\$ 493,780
Total assets	\$ 493,780
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 2,451
Prepaid dues	170
Prepaid dues- reserve fund balance (Note 5)	91,000
	93,621
Total liabilities	93,621
Fund Balance	
Undesignated	80,604
Reserved	319,555
	400,159
Total fund balance	400,159
Total liabilities and fund balance	\$ 493,780

See Independent Auditor's Report and Accompanying Notes

SERENITY POINT CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2023

Revenues	
Dues	\$ 534,600
Interest income	959
Other income	<u>1,529</u>
Total revenues	<u>537,088</u>
Expenses	
Insurance expense	172,695
Maintenance:	
Buildings and labor	69,276
Grounds	41,650
Exterior painting	61,080
Pool	8,755
Management fees	31,875
Office expense	2,362
Pest control	1,890
Professional fees	8,069
Utilities	5,753
Waste water treatment plant expenses	<u>59,537</u>
Total expenses	<u>462,942</u>
Excess of revenues over expenses	74,146
Other income(expenses)	<u>-</u>
Total	-
Total excess of revenues over expenses	74,146
Fund balance, beginning	417,013
Reserved fund balance allocated to 2024 dues	<u>(91,000)</u>
Fund balance, ending	<u>\$ 400,159</u>

See Independent Auditor's Report and Accompanying Notes

SERENITY POINT CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 74,146
Adjustments to reconcile excess of expenses over revenues to net cash used by operating activities:	
Decrease in accounts receivable	170
(Decrease) in accounts payable	(28,758)
(Decrease) in prepaid dues	<u>(14,850)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>30,708</u>
NET INCREASE IN CASH	\$ 30,708
CASH, JANUARY 1, 2023	<u>461,442</u>
CASH, DECEMBER 31, 2023	\$ <u><u>492,150</u></u>

See Independent Auditor's Report and Accompanying Notes

SERENITY POINT CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements
December 31, 2023

Note 1 – Summary of significant accounting policies

Business activity

The Serenity Point Condominium Association, Inc. is a statutory condominium association organized as a not-for-profit corporation for the purposes of maintaining and preserving common property of the Serenity Point Condominiums. The Serenity Point Condominiums consist of fifty-four (54) residential units occupying a site of approximately twenty (20) acres located at Topsail Beach, NC. The Association began its operations in May, 1986.

Fund accounting

The Association uses fund accounting, which requires that funds such as operating funds designated for future major repairs and replacements be classified separately for accounting and reporting purposes. The books are maintained on the accrual basis for audit and tax purposes.

Income taxes

As a housing association, the Association is permitted to exclude from taxable income amounts allocable to members at year-end. This exclusion generally results in immaterial amounts of income being subject to taxation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Future Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in reserve accounts and amounted to \$319,555 at December 31, 2023.

SERENITY POINT CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements (Continued) December 31, 2023

Note 3 – Date of Management’s Review

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through June 5, 2024, the date that the financial statements were available to be issued.

Note 4 – Concentrations, Commitments, and Contingencies

The Company maintains its cash and cash equivalent balances in financial institutions located in the United States of America. Cash accounts that potentially subject the Company to a concentration of credit risk include cash accounts with banks in excess of FDIC insurance limits by approximately \$240,157 for the year ending December 31, 2023.

Note 5 – Reserved fund balance allocation

Reserved fund balance in the amount of \$91,000 was allocated to 2024 dues in accordance with membership approval. The allocation reduces fund balance reserves and is shown as prepaid dues on the balance sheet.

Note 6 – Future major repairs and replacements

The Board of Directors have chosen to restrict funds for major repairs and replacements, as described in Note 2. Accumulated funds are generally not available for normal operations.

The Board of Directors has estimated the remaining useful lives and the replacement costs of the components of common property based on proposals from contractors, property tax records, insurance information and property depreciation records. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on these estimates.

The Board of Directors is funding for major repairs and replacements, as they deem necessary. For that reason, and because actual expenditures may vary from estimated future expenditures and the variations may be material, amounts accumulated in this restricted fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase owners’ operating payments or delay major repairs and replacements until funds are available.

SERENITY POINT CONDOMINIUM ASSOCIATION, INC.

Supplementary Information on Future Major
Repairs and Replacements
December 31, 2023

(Unaudited)

The Company's Board of Directors has estimated the remaining useful lives and the replacement costs of the components of common property based on proposals from contractors, property tax records, insurance information and property depreciation records.

The following table presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (Years)	Current Replacement Cost	Fund Balance Allocated at Year End
Pool paint	7	\$ 11,000	\$ 2,164
Pool deck	17	22,000	13,438
Pool furniture	-	500	-
Equipment replacement	7	5,500	4,659
Beach access	13	61,600	2,961
Interior 9 Buildings	1	99,000	77,269
Exterior 18 Buildings	10	198,000	74,123
Road repaving	3	100,000	84,549
Waste water treatment plant	25	500,000	-
Irrigation	-	18,000	18,000
Equipment	1	37,400	33,118
Operating panel	2	11,500	7,110
Equipment shed	7	11,000	2,164
		\$ 1,075,500	\$ 319,555