



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

To the Board of Directors of
Drum Point Property Owners' Association, Inc.

We have audited the accompanying financial statements of Drum Point Property Owners' Association, Inc., which comprise the balance sheets as of June 30, 2020 and 2019, and the statements of revenue, expenses, and changes in fund balances and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Drum Point Property Owners' Association, Inc. as of June 30, 2020 and 2019, 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.

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 (unaudited) on page 18 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's 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.

Alta CPA Group, LLC

September 27, 2020

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
BALANCE SHEETS
JUNE 30, 2020 AND 2019

	2020			2019		
	Operating Fund	Special Tax District Fund	Total	Operating Fund	Special Tax District Fund	Total
<u>ASSETS</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 455,578	\$ 39,390	\$ 494,968	\$ 438,741	\$ 50,093	\$ 488,834
Road Bonds - Cash	21,508	-	21,508	16,511	-	16,511
Owners' Assessments Receivable, Net Of Allowance for Doubtful Accounts of \$45,886 and \$37,066 for Years Ended 2020 and 2019, Respectively	81,161	-	81,161	77,954	-	77,954
Total Current Assets	<u>558,247</u>	<u>39,390</u>	<u>597,637</u>	<u>533,206</u>	<u>50,093</u>	<u>583,299</u>
Fixed Assets:						
Land	91,320	-	91,320	91,320	-	91,320
Building	81,180	-	81,180	81,180	-	81,180
Equipment	3,200	-	3,200	3,200	-	3,200
Less: Accumulated Depreciation	(36,682)	-	(36,682)	(34,652)	-	(34,652)
Net Fixed Assets	<u>139,018</u>	<u>-</u>	<u>139,018</u>	<u>141,048</u>	<u>-</u>	<u>141,048</u>
Total Assets	<u>\$ 697,265</u>	<u>\$ 39,390</u>	<u>\$ 736,655</u>	<u>\$ 674,254</u>	<u>\$ 50,093</u>	<u>\$ 724,347</u>
<u>LIABILITIES AND NET ASSETS</u>						
Current Liabilities:						
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -	\$ 12,891	\$ -	\$ 12,891
Road Bonds Payable	19,000	-	19,000	16,500	-	16,500
Deferred Revenue	146,395	39,390	185,785	150,194	50,093	200,287
Total Current Liabilities	<u>165,395</u>	<u>39,390</u>	<u>204,785</u>	<u>179,585</u>	<u>50,093</u>	<u>229,678</u>
Total Liabilities	165,395	39,390	204,785	179,585	50,093	229,678
Net Assets:						
Without Donor Restrictions- Reserve	32,110	-	32,110	32,056	-	32,056
Without Donor Restrictions	499,760	-	499,760	462,613	-	462,613
Total Net Assets	<u>531,870</u>	<u>-</u>	<u>531,870</u>	<u>494,669</u>	<u>-</u>	<u>494,669</u>
Total Liabilities and Net Assets	<u>\$ 697,265</u>	<u>\$ 39,390</u>	<u>\$ 736,655</u>	<u>\$ 674,254</u>	<u>\$ 50,093</u>	<u>\$ 724,347</u>

See independent auditor's report and accompanying notes to financial statements.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Operating Fund</u>	<u>Special Tax District Fund</u>	<u>Total</u>
REVENUE			
Owners' Assessments	\$ 63,625	\$ 133,527	\$ 197,152
Road Fees	154,336	-	154,336
SHUR Funds	17,830	-	17,830
Interest Income	3,250	18	3,268
Miscellaneous Income	89	-	89
Total Revenue	<u>239,130</u>	<u>133,545</u>	<u>372,675</u>
EXPENSES			
Operating:			
Accounting	810	4,500	5,310
Bad Debt	8,820	-	8,820
Beach Security	4,965	-	4,965
Depreciation	2,030	-	2,030
Electric	3,410	-	3,410
Events	1,225	-	1,225
Insurance	5,093	-	5,093
Legal	2,880	-	2,880
Office Expense	9,616	-	9,616
Newsletter	685	-	685
Staff	60,306	-	60,306
Supplies	860	-	860
Taxes	2,199	-	2,199
Telephone	1,883	-	1,883
Total Operating Expenses	<u>104,782</u>	<u>4,500</u>	<u>109,282</u>
Replacement:			
Common Area Repairs and Maintenance	34,371	-	34,371
Road Repair	979	-	979
Snow Removal	4,875	-	4,875
Other Capital Projects and Improvements	56,922	129,045	185,967
Total Replacement Expenses	<u>97,147</u>	<u>129,045</u>	<u>226,192</u>
Total Expenses	<u>201,929</u>	<u>133,545</u>	<u>335,474</u>
Change in Net Assets	37,201	-	37,201
Net Assets Without Donor Restrictions, Beginning of Year	<u>494,669</u>	<u>-</u>	<u>494,669</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 531,870</u>	<u>\$ -</u>	<u>\$ 531,870</u>

See independent auditor's report and accompanying notes to financial statements.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Operating Fund</u>	<u>Special Tax District Fund</u>	<u>Total</u>
REVENUE			
Owners' Assessments	\$ 63,695	\$ 105,390	\$ 169,085
Road Fees	154,863	-	154,863
SHUR Funds	20,439	-	20,439
Interest Income	1,224	25	1,249
Miscellaneous Income	182	-	182
Total Revenue	<u>240,403</u>	<u>105,415</u>	<u>345,818</u>
EXPENSES			
Operating:			
Accounting	1,232	3,500	4,732
Beach Security	8,173	-	8,173
Depreciation	2,030	-	2,030
Electric	3,325	-	3,325
Events	1,133	-	1,133
Insurance	5,361	-	5,361
Legal	2,700	-	2,700
Office Expense	12,328	-	12,328
Newsletter	659	-	659
Staff	57,082	-	57,082
Supplies	866	-	866
Taxes	2,140	-	2,140
Telephone	1,502	-	1,502
Total Operating Expenses	<u>98,531</u>	<u>3,500</u>	<u>102,031</u>
Replacement:			
Common Area Repairs and Maintenance	38,254	-	38,254
Road Repair	312	-	312
Snow Removal	48,667	-	48,667
Other Capital Projects and Improvements	71,037	101,915	172,952
Total Replacement Expenses	<u>158,270</u>	<u>101,915</u>	<u>260,185</u>
Total Expenses	<u>256,801</u>	<u>105,415</u>	<u>362,216</u>
Change in Net Assets	(16,398)	-	(16,398)
Net Assets Without Donor Restrictions, Beginning of Year	<u>511,067</u>	<u>-</u>	<u>511,067</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 494,669</u>	<u>\$ -</u>	<u>\$ 494,669</u>

See independent auditor's report and accompanying notes to financial statements.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Operating Fund	Special Tax District Fund	Total	Operating Fund	Special Tax District Fund	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ 37,201	\$ -	\$ 37,201	\$ (16,398)	\$ -	\$ (16,398)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Bad Debt Expense	8,820	-	8,820	-	-	-
Depreciation Expense	2,030	-	2,030	2,030	-	2,030
(Increase) Decrease in Operating Assets:						
Owners' Assessments Receivable	(12,027)	-	(12,027)	(5,086)	-	(5,086)
Increase (Decrease) in Operating Liabilities:						
Accounts Payable and Accrued Expenses	(12,891)	-	(12,891)	8,283	-	8,283
Road Bonds Payable	2,500	-	2,500	(5,000)	-	(5,000)
Owner Assessments Deferred Revenue	(3,799)	-	(3,799)	6,008	-	6,008
Special Tax District Deferred Revenue	-	(10,703)	(10,703)	-	25	25
Net Cash Provided (Used) by Operating Activities	<u>21,834</u>	<u>(10,703)</u>	<u>11,131</u>	<u>(10,163)</u>	<u>25</u>	<u>(10,138)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	21,834	(10,703)	11,131	(10,163)	25	(10,138)
Cash and Cash Equivalents at Beginning of Year	<u>455,252</u>	<u>50,093</u>	<u>505,345</u>	<u>465,415</u>	<u>50,068</u>	<u>515,483</u>
Cash and Cash Equivalents at End of Year	<u>\$ 477,086</u>	<u>\$ 39,390</u>	<u>\$ 516,476</u>	<u>\$ 455,252</u>	<u>\$ 50,093</u>	<u>\$ 505,345</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION						
Cash Paid During the Year for:						
Income Taxes			\$ -			\$ -
Interest			\$ -			\$ -

See independent auditor's report and accompanying notes to financial statements.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Drum Point Property Owners' Association, Inc. (the Association) is a common interest real estate organization incorporated in the State of Maryland, created for the benefit of property owners who live in the subdivision known as Drum Point located in Calvert County, Maryland. It has as its purpose the general upkeep and maintenance of the common elements of the development with an emphasis on maintenance of the community infrastructure as well as the social, economic, cultural, recreational and environmental conditions within the Drum Point subdivision.

The community includes approximately 1,607 lots and seventeen miles of developed roads.

On January 4, 1996, the Board of Directors of the Association approved a measure to petition the Calvert County Commissioners to establish a special taxing district, under Section 4-101 through 4-104, Title 4, of the Annotated Code of Maryland. The petition was facilitated to alleviate funding shortfalls incurred based on the Association's current assessments. On June 18, 1996, the Board of County Commissioners of Calvert County approved the petition establishing a special taxing district within the community known as Drum Point. Taxes will be levied on property owners in the subdivision by Calvert County. These tax monies will be disbursed to the Drum Point Property Owners' Association, Inc., to facilitate capital improvements and repair to the infrastructure of the community known as Drum Point.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the financial statements reflect all significant receivables, payables and other liabilities.

Fund 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. 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.
- Special Tax District Fund - This fund is used to accumulate and disburse financial resources designated for future major repairs and replacements and certain administrative expenses. Funds are being accumulated within this fund as taxes levied by Calvert County are collected on behalf of the Association. Revenues within the special tax district fund are recognized when funds are expended.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

On May 24, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The standard prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenue and cash flows. The Association implemented this standard during the year ended June 30, 2020. The adoption of this new guidance will not have a material impact on the Association's financial statements.

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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the statements of cash flows, the Association considers cash on deposit, cash on hand, money market funds, and certificates of deposits with original maturities less than three months (if any) to be cash equivalents. Any penalties for early withdrawal would not have a material effect on the financial statements.

Road Bonds Cash and Road Bonds Payable

The balance in Road Bonds-Cash is the security for the Road Bonds Payable account. When construction is performed by builders or developers on lots within the community, a cash bond is required to be posted to offset any possible road damage. When construction is completed, the cash road bond is released to the builder or developer.

Cash Concentrations

The Association maintains its cash accounts primarily with banks located in Maryland. The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Association had no balances in excess of FDIC insured limits at June 30, 2020.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Owner Assessments Receivable

The annual budget and owners' assessments are determined by the Board of Directors to provide for current operating funds. Owners' assessments are billed to members of the community on an annual basis. Excess operating funds, if any, are accumulated for future board designated expenditures. The Association provides for losses on assessments receivable using the allowance method, based on historical collection rates.

Allowance for Doubtful Accounts

Accounts within this allowance are to be written off pending the Board's decision to pursue additional collection efforts and the related costs associated therewith. Collections on accounts previously written off are included in income as received.

Property and Equipment

Equipment is recorded at cost if purchased, or fair market value at time of donation if donated. Acquisition of property and equipment with a useful life of one year or greater and cost or fair market value of \$1,000 or more is capitalized. The costs of maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation is calculated using the straight line method over the estimated useful lives of the assets as follows:

Building	40 Years
Equipment	3 Years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is recognized in income for the period.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate a portion of these net assets for specific purposes.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue from contracts with customers primarily consists of owners' assessments and road fees. The Association recognizes revenue from owners' assessments and road fees over the assessment period, which is generally one year, during which time members have continuous access to common areas, architectural control and covenant enforcement, other services, and certain community events. The assessments are used to cover the costs of operating the Association, maintaining the common elements and improvements, and providing for facility repair and replacement.

Owners' assessments and road fees paid in advance are deferred to the assessment period to which they relate. Due to the nature and timing of the performance and/or transfer of services substantially all deferred revenue at June 30 of each year is recognized in the following year.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in Note 6 of the notes to the financial statements. The schedules present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include staff salaries, office expenses, and other expenses, which are allocated on the basis of estimates of time and effort.

Interest Income

Interest income resulting from time deposits and loans, except for interest earned on special tax district advances, is allocated to the operating fund.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Association is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code, except on net income, if any, from unrelated business activities, and is classified as an organization that is not a private foundation.

The Association's informational return is subject to examination by the Internal Revenue Service and the State of Maryland, generally for the three years after it is filed.

Subsequent Events

The Association evaluated subsequent events through the date that the financial statements were available to be issued. The Association is not aware of any significant events that occurred subsequent to the balance sheet date but prior to September 27, 2020 that would have a material impact on the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Association maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 455,578	\$ 438,741
Owners Assessments Receivable	<u>81,161</u>	<u>77,954</u>
Total Financial Assets Available Within One Year	536,739	516,695
Less Amounts Not Available to be Used Within One Year, Due to:		
Net Assets for Replacement Reserves	<u>(32,110)</u>	<u>(32,056)</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ <u>504,629</u>	\$ <u>484,639</u>

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3 - LAND AND BUILDING

The Association holds title to land acquired in an agreement with Drum Point Project, Inc. The value of this land at the time of transfer was \$49,500. The Association also owns non-buildable lots which are shown at zero value. The non-buildable lots consist of lots owned by the Association that will not pass a percolation test. Even though the county has assessed a small value on these lots, they currently have no resale value. Gains on the sale of such land, if any, will be recognized to the extent of value received.

During the year ended June 30, 2005, the Association purchased property for \$123,000. Of this amount, \$41,820 is the value of the land and \$81,180 is the value of the building.

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in the owners' assessments and road fees paid in advance and deferred revenue for the year ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Owners' assessments and road fees paid in advance, beginning of the year	\$ 150,194	\$ 144,186
Owners' assessments and road fees revenue recognized	217,961	218,558
Collections of owners' assessments and road fees	<u>(221,760)</u>	<u>(212,550)</u>
 Owner's assessments and road fees paid in advance, end of year	 \$ <u>146,395</u>	 \$ <u>150,194</u>

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

Special tax district funds (as more fully described in Note 1) are to be expended for designated major repairs and replacements and certain administrative expenses. The amount of unexpended funds aggregated \$39,390 and \$50,093 as of June 30, 2020 and 2019, respectively.

The Board of Directors conducted a Level Two – Update level study in 2012 to estimate the replacement costs of the common property components. The Association is awaiting additional receipt of special tax assessments for such major repairs and replacements of these components based on the study's estimated current replacement costs. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated within the special tax district fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available. During the years ended June 30, 2020 and 2019, the Board reserved \$32,110 and \$32,056, respectively, of operating funds for future replacement costs.

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 - FUNCTIONAL EXPENSE ALLOCATION

The costs of program and supporting services activities have been summarized on a functional basis as follows for the years ended June 30, 2020 and 2019:

<u>2020</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Depreciation	\$ 1,827	\$ 203	\$ 2,030
Electric	3,410	---	3,410
Office Expenses	7,738	10,399	18,137
Professional Fees	---	8,190	8,190
Replacement, Repairs, and Maintenance	226,192	---	226,192
Security	4,965	---	4,965
Staff	54,275	6,031	60,306
Other Expenses	<u>3,204</u>	<u>9,040</u>	<u>12,244</u>
Total	\$ <u>301,611</u>	\$ <u>33,863</u>	\$ <u>335,474</u>
<u>2019</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Depreciation	\$ 1,827	\$ 203	\$ 2,030
Electric	3,325	---	3,325
Office Expenses	7,615	13,100	20,715
Professional Fees	---	7,432	7,432
Replacement, Repairs, and Maintenance	260,185	---	260,185
Security	8,173	---	8,173
Staff	51,374	5,708	57,082
Other Expenses	<u>3,059</u>	<u>215</u>	<u>3,274</u>
Total	\$ <u>335,558</u>	\$ <u>26,658</u>	\$ <u>362,216</u>

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7 - OPERATING LEASE

The Association entered into a copier lease on July 27, 2012. The monthly lease payment was \$123 for 60 months. In March 2016, the lease was terminated, and the Association entered into a new copier lease. The monthly lease minimum payment is \$152 for 60 months. The minimum future rental payments required under non-cancelable operating leases as of June 30, 2020 are:

2021	\$ <u>1,368</u>
Total	\$ <u>1,368</u>

Rent expense was \$1,933 and \$1,933 for the years ended June 30, 2020 and 2019, respectively.

SUPPLEMENTARY INFORMATION

DRUM POINT PROPERTY OWNERS' ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
 AND REPLACEMENTS (UNAUDITED)
 JUNE 30, 2020

The Board of Directors conducted a study in 2012, with the help of engineers, to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on estimated replacement costs at the time of the study. Funding requirements do not take into account the effects of inflation or interest on amounts funded for future major repairs and replacements.

<u>Component</u>	Estimated Useful Lives (Years)	Estimated Current Replacement Cost	% of <u>Total</u> <u>Cost</u>	Replacement Reserve Balance at June 30, 2020
Roadway	0 - 14	\$ 1,646,490	85%	\$ ---
Causeways	7	128,000	7%	---
Swales	2	75,000	4%	---
Common Elements	0 - 12	81,800	4%	---
Unclassified		<u>---</u>	<u>---</u>	<u>32,110</u>
Total		\$ <u>1,931,290</u>	<u>100%</u>	\$ <u>32,110</u>