

BETHANY PROPER TOWNHOMES
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

BETHANY PROPER TOWNHOMES

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Bethany Proper Townhomes

Opinion

We have audited the accompanying financial statements of Bethany Proper Townhomes, which comprise the balance sheet as of December 31, 2023, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethany Proper Townhomes as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bethany Proper Townhomes 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.

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; 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.

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 Bethany Proper Townhomes' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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, or the override of internal control.

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 GAAS, we:

- Exercise professional judgment 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 Bethany Proper Townhomes' 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethany Proper Townhomes' 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 Summarized Comparative Information

We have previously audited the Association's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CERTIFIED PUBLIC ACCOUNTANTS

Ocean City, Maryland
July 8, 2024

BETHANY PROPER TOWNHOMES

BALANCE SHEETS

DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 117,012	\$ 507,670	\$ 624,682	\$ 356,725
Investments		637,173	637,173	635,541
Assessments receivable	23	13	36	169
Prepaid insurance	35,656		35,656	37,190
Prepaid taxes	2,520		2,520	4,570
Total assets	<u>\$ 155,211</u>	<u>\$ 1,144,856</u>	<u>\$ 1,300,067</u>	<u>\$ 1,034,195</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 90	\$ 130	\$ 220	\$ 22,434
Prepaid assessments	22,170	5,900	28,070	59,252
Deferred replacement fund assessments		1,011,842	1,011,842	873,242
Total liabilities	<u>22,260</u>	<u>1,017,872</u>	<u>1,040,132</u>	<u>954,928</u>

FUND BALANCES

	<u>132,951</u>	<u>126,984</u>	<u>259,935</u>	<u>79,267</u>
Total liabilities and fund balances	<u>\$ 155,211</u>	<u>\$ 1,144,856</u>	<u>\$ 1,300,067</u>	<u>\$ 1,034,195</u>

The accompanying notes are an integral part of these financial statements.

BETHANY PROPER TOWNHOMES

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
REVENUES				
Member assessments	\$ 655,200	\$	\$ 655,200	\$ 743,930
Iris Court recreational fee	10,000		10,000	8,400
Realized loss on sale of investments		(10,060)	(10,060)	
Net investment income (loss)		142,809	142,809	(158,009)
Interest, late fees and other revenues	270	52	322	1,470
Total revenues	665,470	132,801	798,271	595,791
EXPENSES				
Recreation	66,563		66,563	61,861
Administrative	209,124	5,817	214,941	216,721
Maintenance	320,617		320,617	360,665
Utilities	13,432		13,432	11,813
Income taxes	2,050		2,050	2,210
Total expenses	611,786	5,817	617,603	653,270
Net revenues over (under) expenses	53,684	126,984	180,668	(57,479)
FUND BALANCES, BEGINNING OF YEAR	79,267		79,267	136,746
FUND BALANCES, END OF YEAR	<u>\$ 132,951</u>	<u>\$ 126,984</u>	<u>\$ 259,935</u>	<u>\$ 79,267</u>

The accompanying notes are an integral part of these financial statements.

BETHANY PROPER TOWNHOMES

STATEMENTS OF CASH FLOWS

**YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Net revenues over (under) expenses	\$ 53,684	\$ 126,984	\$ 180,668	\$ (57,479)
Adjustments for non-cash activities				
Unrealized (gains) losses		(109,321)	(109,321)	177,241
(Increase) decrease				
Assessments receivable	21	112	133	4,135
Accounts receivable - other				100
Prepaid insurance	1,534		1,534	25,036
Prepaid taxes	2,050		2,050	(4,570)
Increase (decrease)				
Accounts payable	(22,294)	80	(22,214)	(40,498)
Income taxes payable				(4,671)
Prepaid assessments	(26,131)	(5,051)	(31,182)	49,337
Deferred replacement fund assessments		138,600	138,600	(3,050)
Net cash provided by operating activities	<u>8,864</u>	<u>151,404</u>	<u>160,268</u>	<u>145,581</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments		107,689	107,689	
Net increase in cash	8,864	259,093	267,957	145,581
CASH, BEGINNING OF YEAR	<u>108,148</u>	<u>248,577</u>	<u>356,725</u>	<u>211,144</u>
CASH, END OF YEAR	<u>\$ 117,012</u>	<u>\$ 507,670</u>	<u>\$ 624,682</u>	<u>\$ 356,725</u>
SUPPLEMENTARY INFORMATION				
Cash paid for income taxes	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 11,451</u>

The accompanying notes are an integral part of these financial statements.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

ORGANIZATION

The Association was incorporated in the State of Delaware in 1982. The Association is responsible for the operation and maintenance of the common property of Bethany Proper Townhomes. Bethany Proper Townhomes consists of 126 units located in Bethany Beach, Delaware.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are presented using the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

Fund accounting

In accordance with industry standards and practices, the Association has segregated its activities into two funds: the operating fund and the replacement fund.

Operating fund - Provides working capital for operations, contingencies and replacements where specific funds have not been designated. If the operating fund is inadequate to meet funding requirements for any reason, the Board of Directors may levy at any time a further assessment.

Replacement fund - Provides funds for replacement of the common elements and equipment of the Association and for operating expenses of a non-recurring nature.

Adoption of new Accounting Standard – Financial Instruments – Credit Losses

The Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 326, Financial Instruments – Credit Losses) which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets including assessments receivable.

The Association adopted the standard effective January 1, 2023. The standard did not have a material impact on the Association's balance sheets, statement of revenues, expenses, and changes in fund balances, nor statement of cash flows.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total columns on combined statements

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Cash equivalents

Investments with an original maturity of three months or less that are not restricted from immediate withdrawal and do not require a substantial penalty for early withdrawal are considered cash equivalents.

Property and equipment

Real property and common areas acquired by the original owners from the developer are not capitalized on the Association financial statements as they are owned by the individual owners and not the Association. Common areas are restricted to use by Association members, their tenants, and guests. Replacements and improvements to the real property and common areas are not capitalized, as the improvements would also belong to the owners and not the Association.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through July 8, 2024, which is the date the financial statements were available to be issued.

UNINSURED CASH BALANCES

The Association maintains cash in several financial institutions with insurance provided by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. As of December 31, 2023, the Association had deposits that exceeded the FDIC limit by \$163,180.

Included in cash is \$197,000 that is carried in the Schwab Treasury Obligation Money Fund (SNOXX). These funds are not FDIC insured. Schwab is a registered broker-dealer and funds are insured by the Security Investor Protection Corporation (SIPC).

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

INVESTMENTS

Investments consist of mutual funds, held for the purpose of future capital improvements or major repairs and replacements. All investments are classified as available-for-sale and are stated at fair market value. Realized and unrealized gains and losses are included in earnings.

The investments held at Charles Schwab are insured by the Security Investor Protection Corporation (SIPC) up to \$500,000. Charles Schwab has additional insurance for funds held over \$500,000. This insurance does not protect against losses due to market fluctuations.

FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 Fair Value Measures and Disclosures establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the input used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The fair values and original costs of the Association's financial instruments are as follows:

	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain</u>
Charles Schwab investments	<u>\$ 637,173</u>	<u>\$ 557,923</u>	<u>\$ 79,250</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Mutual funds, stocks and bonds (Level 1) – The fair values of the investments are based on quoted market prices for those or similar investments.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

MEMBER ASSESSMENTS

Association members are subject to assessments to provide funds for the Association's operating expenses, capital acquisitions, 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 operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments and special assessments are satisfied when the funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are reported at the amount management expects to collect from unit owners. The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on other assets of the unit owner. Any excess assessments at year end are retained by the Association for use in future years.

At each balance sheet date, the Association recognizes an expected allowance for credit losses, if appropriate. The allowance estimate is derived from a review of the Association's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Association. Based on an analysis of these factors, no allowance is reported as of December 31, 2023.

The Association writes off assessments receivable when there is information that indicates the unit owner is facing financial difficulty and there is no possibility of recovery. If any recoveries are made from accounts previously written off, they will be recognized in the year of recovery. No write-offs or recoveries were reported in the year ended December 31, 2023.

DEFERRED REPLACEMENT FUND ASSESSMENTS

The Association recognizes revenue from members as the related performance obligations are satisfied. Deferred replacement fund assessments are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments. The balances of deferred replacement fund assessments as of the beginning and end of the year are \$873,242 and \$1,011,842 respectively.

Replacement fund assessments billed during 2023 totaled \$138,600 and have been deferred until spent in a subsequent period.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

PREPAID ASSESSMENTS

Prepaid assessments are the subsequent year's assessments paid prior to the current year end.

INCOME TAXES

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended December 31, 2023. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, non-membership transactions, and capital transactions.

The Association is taxed on all net income from non-membership activities reduced only by the losses from non-membership activities for which a profit motive exists. Non-membership income may not be offset by membership losses, and any excess membership deductions may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Association files Form 1120, which has an effective tax rate of 21% that is applied to net taxable income. It is the Association's policy that penalties and interest assessed by income taxing authorities, if any, are included in operating expenses.

FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes. It is the Association's policy that interest earned in the replacement fund remains in the replacement fund as an additional contribution.

The Association hired an independent contractor to perform a replacement study in 2023 to estimate the remaining useful life of the components of common property and estimates of the cost of major repairs and replacements that may be required in the future. The amounts are based on current estimated replacement costs. The table included in the unaudited supplementary information is based on the study.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

Funds are being accumulated in the replacement fund based on estimated future needs for repairs and replacements of common property components. Actual expenditures may vary from estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs and major repairs and replacements. If additional funds are needed, the Board of Directors has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. Budgeted contributions to the replacement fund were \$138,600 for the year ended December 31, 2023.

REPLACEMENT FUND EXPENSES

The Association incurred replacement fund expenses of \$5,817 for investment fees.

RELATED PARTY TRANSACTIONS

The Association entered into a management agreement with Wilgus Associates, Inc. to manage the operations of the Association. During the year ended December 31, 2023, the Association paid management fees of \$35,290.

In addition to management services, Wilgus Associates, Inc. provides other services to the Association at additional costs, including administrative and insurance services, pool management services, and replacement, repairs, and maintenance services. For the year ended December 31, 2023, the Association incurred expense of \$342,377 for these services from Wilgus Associates, Inc.

COMMITMENTS

The Association entered into a landscape management agreement with Sullivan's Landscaping. The agreement calls for a monthly fee of \$6,212 in 2024.

The Association entered into various other agreements to provide for the maintenance and upkeep of buildings, grounds, and amenities of the Association. These agreements call for payments based on fee schedules which vary with the extent of the services required.

SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors and Management
Bethany Proper Townhomes

Report on Supplementary Information

We have audited the financial statements of Bethany Proper Townhomes as of and for the year ended December 31, 2023, and our report thereon dated July 8, 2024 which expressed an unmodified opinion on those financial statements, appears on pages one and two. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14 through 18, which are the responsibility of the Association's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked as "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" 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 19 through 22 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.

CERTIFIED PUBLIC ACCOUNTANTS

Ocean City, Maryland
July 8, 2024

BETHANY PROPER TOWNHOMES

SCHEDULES OF FINANCIAL CONDITION
(Not presented in accordance with FASB ASC 606)

DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 117,012	\$ 507,670	\$ 624,682	\$ 356,725
Investments		637,173	637,173	635,541
Assessments receivable	23	13	36	169
Prepaid insurance	35,656		35,656	37,190
Prepaid taxes	2,520		2,520	4,570
Total assets	<u>\$ 155,211</u>	<u>\$ 1,144,856</u>	<u>\$ 1,300,067</u>	<u>\$ 1,034,195</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 90	\$ 130	\$ 220	\$ 22,434
Prepaid assessments	<u>22,170</u>	<u>5,900</u>	<u>28,070</u>	<u>59,252</u>
Total liabilities	<u>22,260</u>	<u>6,030</u>	<u>28,290</u>	<u>81,686</u>

FUND BALANCES

	<u>132,951</u>	<u>1,138,826</u>	<u>1,271,777</u>	<u>952,509</u>
Total liabilities and fund balances	<u>\$ 155,211</u>	<u>\$ 1,144,856</u>	<u>\$ 1,300,067</u>	<u>\$ 1,034,195</u>

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES**SCHEDULES OF OPERATIONS****(Not presented in accordance with FASB ASC 606)****YEAR ENDED DECEMBER 31, 2023****(WITH COMPARATIVE TOTALS FOR 2022)**

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
REVENUES				
Member assessments	\$ 655,200	\$ 138,600	\$ 793,800	\$ 740,880
Iris Court recreational fee	10,000		10,000	8,400
Realized loss on sale of investments		(10,060)	(10,060)	
Net investment income (loss)		142,809	142,809	(158,009)
Interest, late fees and other revenues	270	52	322	1,470
Total revenues	665,470	271,401	936,871	592,741
EXPENSES				
Recreation	66,563		66,563	61,861
Administrative	209,124	5,817	214,941	216,721
Maintenance	320,617		320,617	360,665
Utilities	13,432		13,432	11,813
Income taxes	2,050		2,050	2,210
Total expenses	611,786	5,817	617,603	653,270
Net revenues over (under) expenses	53,684	265,584	319,268	(60,529)
FUND BALANCES, BEGINNING OF YEAR	79,267	873,242	952,509	1,013,038
FUND BALANCES, END OF YEAR	\$ 132,951	\$ 1,138,826	\$ 1,271,777	\$ 952,509

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES**SCHEDULES OF OPERATING FUND REVENUES AND EXPENSES
BUDGET AND ACTUAL****YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023		2022
	Budget (Unaudited)	Actual	Actual
REVENUES			
Member assessments	\$ 655,200	\$ 655,200	\$ 614,880
Iris Court recreational fee	10,000	10,000	8,400
Late fees and other revenues		270	1,390
Total revenues	<u>665,200</u>	<u>665,470</u>	<u>624,670</u>
EXPENSES			
Recreation			
Pool payroll	54,835	54,400	49,400
Supplies	2,000	2,340	2,254
Pool furniture	500		
Pool/tennis maintenance	12,000	9,823	10,207
	<u>69,335</u>	<u>66,563</u>	<u>61,861</u>
Administrative			
Management fees	35,290	35,290	34,262
Professional fees	6,000	6,000	5,734
Insurance	162,300	160,383	167,413
Meetings/social	650	127	300
Property taxes	2,000	1,868	1,833
Travel	200		
Telephone	600	669	546
Clerical	1,000	547	688
Reserve study	6,000	4,240	
	<u>214,040</u>	<u>209,124</u>	<u>210,776</u>
Maintenance			
Landscaping	15,000	16,118	18,397
Lawn contract	72,370	72,370	63,818
Lawn maintenance/supplies	5,000	1,939	1,038
Tree work	30,000	25,944	20,271
Termite/pest control	17,500	16,081	17,100

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

**SCHEDULES OF OPERATING FUND REVENUES AND EXPENSES
BUDGET AND ACTUAL (Continued)**

**YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>		<u>2022</u>
	Budget		
	<u>(Unaudited)</u>	<u>Actual</u>	<u>Actual</u>
Maintenance (Continued)			
Painting	90,000	39,900	72,348
General maintenance	100,000	110,299	94,096
Crawl space maintenance	32,000	37,966	31,827
Snow removal			3,770
Contingency	3,755		
	<u>365,625</u>	<u>320,617</u>	<u>322,665</u>
Utilities			
Electric	10,000	10,444	9,520
Sewer/water	3,200	2,988	2,293
	<u>13,200</u>	<u>13,432</u>	<u>11,813</u>
Income taxes	<u>3,000</u>	<u>2,050</u>	<u>2,210</u>
Total expenses	<u>665,200</u>	<u>611,786</u>	<u>609,325</u>
Net revenues over expenses	<u>\$</u>	<u>\$ 53,684</u>	<u>\$ 15,345</u>

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

**SCHEDULES OF REPLACEMENT FUND REVENUES AND EXPENSES
BUDGET AND ACTUAL**

**YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023		2022
	Budget (Unaudited)	Actual	Actual
REVENUES			
Member assessments	\$ 138,600	\$ 138,600	\$ 126,000
Realized loss on sale of investments		(10,060)	
Net investment income	12,000	142,809	(158,009)
Interest and late fees	125	52	80
Total revenues	<u>150,725</u>	<u>271,401</u>	<u>(31,929)</u>
EXPENSES			
Administrative			
Investment fees	<u>5,000</u>	<u>5,817</u>	<u>5,945</u>
Maintenance			
Tennis court			38,000
Siding replacement	<u>20,000</u>		
	<u>20,000</u>		<u>38,000</u>
Total expenses	<u>25,000</u>	<u>5,817</u>	<u>43,945</u>
Net revenues over (under) expenses	<u>\$ 125,725</u>	<u>\$ 265,584</u>	<u>\$ (75,874)</u>

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

DECEMBER 31, 2023

(Unaudited)

The Association hired Miller Dodson Associates to perform a Level II study in 2023 to estimate the remaining useful lives and the replacement costs of the components of common property. The study recommends an annual replacement fund contribution of \$137,240 under the cash flow method.

The following table is a summary based on the study and presents significant information about the components of common property.

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs
Site items			
Entrance monument	40	28	\$ 9,000
Landscape light	15	5	2,200
Asphalt - overlay - Azalea Ct	24	8	33,477
Asphalt - overlay - Bayberry Ct	24	7	41,307
Asphalt - overlay - Cedar Ct	24	6	38,308
Asphalt - overlay - Daylily Ct	24	8	39,055
Asphalt - overlay - Evergreen Ct	24	7	40,219
Asphalt - overlay - Forsythia Ct	24	9	59,390
Asphalt - overlay - Geranium Ct	24	6	34,104
Asphalt - overlay - Holly Ct	24	10	43,252
Asphalt - overlay - standalone units	24	8	16,883
Asphalt, seal coat	5	none	35,306
Concrete curb & gutter, barrier (6%)	6	9	2,184
Concrete flatwork (6%)	6	3	4,088
Dumpster wood stairs	15	5	3,900
Masonry dumpster enclosure	30	138	45,000
Domestic water main	30	17	8,000
Sanitary main	30	17	4,750
Stormwater management	20	7	1,100
Site light, decorative single head, LED	20	17	3,400
Site light, 12' aluminum pole	30	17	9,800
Flag poles	30	13	1,750

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

**SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)**

**DECEMBER 31, 2023
(Unaudited)**

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs
Swimming pool			
Swimming pool, structure	60	23	180,000
Swimming pool, whitecoat	10	8	17,504
Swimming pool, waterline tile	10	8	2,064
Swimming pool, coping	20	18	12,900
Wading pool, structure	60	23	21,600
Wading pool, whitecoat	10	8	1,920
Wading pool, waterline tile	10	8	720
Wading pool, coping	20	18	4,500
Pool deck, concrete (25%)	10	5	29,008
Pool cover	12	none	6,000
Pool pump (3 - 4 hp)	10	8	2,000
Pool filter, cartridge	15	12	9,000
Chemical feed pump	10	8	600
Chemical tank	15	12	600
Pool fence, 4' vinyl coated chain link	45	25	6,072
Lifeguard chair	20	8	4,800
Pool furniture	3	3	3,500
Courts			
Tennis court, asphalt	20	19	72,465
Tennis court, color coat	5	4	15,539
Tennis court, post & footings	20	19	3,600
Tennis court, net	5	4	900
Fence, tennis court, 10' vinyl coated	45	20	18,900

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

DECEMBER 31, 2023
(Unaudited)

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs
Pool house			
Roofing, asphalt shingles	30	10	10,024
Skylight	30	6	2,100
Windows, interior	40	23	680
Windows, exterior	20	4	680
Interior door and frame, metal	30	13	9,600
Exterior door, steel	20	4	9,600
Garage door	15	9	1,750
Interior renovation	10	6	12,000
AC split system	20	4	10,500
Exhaust fan, bathroom	20	5	440
Water heater	15	none	2,250
Interior lighting, fluorescent	30	7	1,250
Interior lighting, fluorescent, garage	30	none	1,000
Interior lighting, recessed	30	6	750
Pool pump house			
Roofing, asphalt shingles	30	10	4,032
Soffit & trim, pine	40	16	4,032
Door, steel	15	2	1,600
Deck, structure	45	25	7,200
Deck, decking	20	5	4,032
Exterior lighting, fluorescent	25	none	900
Exterior lighting, recessed	25	5	1,050
Drinking fountain	20	2	2,250

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

DECEMBER 31, 2023
(Unaudited)

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs
Townhouses			
Roofing, asphalt shingles - Azalea Ct	25	10	123,382
Roofing, asphalt shingles - Bayberry Ct	25	10	123,382
Roofing, asphalt shingles - Cedar Ct	25	10	123,382
Roofing, asphalt shingles - Daylily Ct	25	11	123,382
Roofing, asphalt shingles - Evergreen Ct	25	11	123,382
Roofing, asphalt shingles - Forsythia Ct	25	1	123,382
Roofing, asphalt shingles - Geranium Ct	25	12	123,382
Roofing, asphalt shingles - Holly Ct	25	12	123,382
Roofing, asphalt shingles - single units	25	12	78,470
Gutter and downspouts - Azalea Ct	25	10	10,440
Gutter and downspouts - Bayberry Ct	25	10	10,440
Gutter and downspouts - Cedar Ct	25	10	10,440
Gutter and downspouts - Daylily Ct	25	11	10,440
Gutter and downspouts - Evergreen Ct	25	11	10,440
Gutter and downspouts - Forsythia Ct	25	11	10,440
Gutter and downspouts - Geranium Ct	25	12	10,440
Gutter and downspouts - Holly Ct	25	12	10,440
Gutter and downspouts - single units	25	12	6,840
Crawlspace membrane 20 mil	25	15	47,500
Chimneys			
Chimneys (10 per year)	30	21	47,500
Chimneys (10 per year)	30	22	47,500
Chimneys (10 per year)	30	23	47,500
Chimneys (10 per year)	30	24	47,500
Chimneys (10 per year)	30	25	47,500
Chimneys (10 per year)	30	26	47,500
Chimneys (10 per year)	30	27	47,500
Chimneys (10 per year)	30	28	47,500
Chimneys (10 per year)	30	29	52,250
			<u>\$ 2,614,021</u>

See independent auditors' report on supplementary information.