

BETHANY PROPER TOWNHOMES
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

BETHANY PROPER TOWNHOMES

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance sheets	3
Statements of revenues, expenses, and changes in fund balances	4
Statements of cash flows	5
Notes to financial statements	6 - 11
SUPPLEMENTARY INFORMATION	
Independent auditors' report on supplementary information	12 - 13
Schedules of financial condition	14
Schedules of operations	15
Schedules of operating fund revenues and expenses - budget and actual	16 - 17
Schedules of replacement fund revenues and expenses - budget and actual	18
Supplementary information on future major repairs and replacements	19 - 22



ANDREW M. HAYNIE, CPA

SUSAN P. KEEN, CPA

MICHAEL C. KLEGER, CPA

JAMES D. MAYBURY, CPA

E. LEE McCABE, CPA

JEFFREY A. MICHALIK, CPA

ROBERT L. MOORE, CPA

DANIEL M. O'CONNELL II, CPA

ASHLEY M. STERN, CPA

JOHN M. STERN, JR., CPA

PKSca.com

Salisbury

1801 SWEETBAY DRIVE

P.O. Box 72

SALISBURY, MD 21803

TEL: 410.546.5600

FAX: 410.548.9576

Ocean City

12216 OCEAN GATEWAY

SUITE 800

OCEAN CITY, MD 21842

TEL: 410.213.7185

FAX: 410.213.7638

Lewes

1143 SAVANNAH ROAD

SUITE 1

P.O. Box 192

LEWES, DE 19958

TEL: 302.645.5757

FAX: 302.645.1757

MEMBERS OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

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, 2021, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CERTIFIED PUBLIC ACCOUNTANTS

Ocean City, Maryland
July 11, 2022

BETHANY PROPER TOWNHOMES**BALANCE SHEETS**

DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 74,003	\$ 137,141	\$ 211,144	\$ 112,901
Investments		812,782	812,782	790,213
Assessments receivable	3,482	823	4,305	3,631
Accounts receivable - other	100		100	100
Prepaid insurance	62,226		62,226	59,031
Total assets	<u>\$ 139,811</u>	<u>\$ 950,746</u>	<u>\$ 1,090,557</u>	<u>\$ 965,876</u>

LIABILITIES AND FUND BALANCES**LIABILITIES**

Accounts payable	\$ 62,803	\$ 130	\$ 62,933	\$ 730
Income taxes payable	4,671		4,671	10,992
Prepaid assessments	8,415	1,500	9,915	13,925
Deferred replacement fund assessments		876,292	876,292	750,292
Total liabilities	<u>75,889</u>	<u>877,922</u>	<u>953,811</u>	<u>775,939</u>

FUND BALANCES

	<u>63,922</u>	<u>72,824</u>	<u>136,746</u>	<u>189,937</u>
Total liabilities and fund balances	<u>\$ 139,811</u>	<u>\$ 950,746</u>	<u>\$ 1,090,557</u>	<u>\$ 965,876</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, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
REVENUES				
Member assessments	\$ 579,600	\$	\$ 579,600	\$ 572,040
Iris Court recreational fee	8,000		8,000	7,840
Realized gain on sale of investments		19,449	19,449	54,145
Net investment income		75,026	75,026	13,200
Interest, late fees and other revenues	890	29	919	1,737
Total revenues	<u>588,490</u>	<u>94,504</u>	<u>682,994</u>	<u>648,962</u>
EXPENSES				
Recreation	62,007		62,007	64,520
Administrative	229,786	6,280	236,066	214,535
Maintenance	320,793	99,500	420,293	328,556
Utilities	11,040		11,040	11,312
Income taxes	6,779		6,779	13,266
Total expenses	<u>630,405</u>	<u>105,780</u>	<u>736,185</u>	<u>632,189</u>
Net revenues over (under) expenses	(41,915)	(11,276)	(53,191)	16,773
FUND BALANCES, BEGINNING OF YEAR	<u>105,837</u>	<u>84,100</u>	<u>189,937</u>	<u>173,164</u>
FUND BALANCES, END OF YEAR	<u>\$ 63,922</u>	<u>\$ 72,824</u>	<u>\$ 136,746</u>	<u>\$ 189,937</u>

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

BETHANY PROPER TOWNHOMES**STATEMENTS OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Net revenues over (under) expenses	\$ (41,915)	\$ (11,276)	\$ (53,191)	\$ 16,773
Adjustments for non-cash activities				
Unrealized (gains) losses		(53,119)	(53,119)	3,369
(Increase) decrease				
Assessments receivable	(1,056)	382	(674)	(662)
Accounts receivable - other				3,079
Prepaid insurance	(3,195)		(3,195)	24,752
Prepaid taxes				2,274
Increase (decrease)				
Accounts payable	62,253	(50)	62,203	(6,673)
Income taxes payable	(6,321)		(6,321)	10,992
Prepaid assessments	(3,425)	(585)	(4,010)	(47,265)
Deferred replacement fund assessments		126,000	126,000	126,000
Net cash provided by operating activities	<u>6,341</u>	<u>61,352</u>	<u>67,693</u>	<u>132,639</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments		30,550	30,550	(169,964)
Net increase (decrease) in cash	6,341	91,902	98,243	(37,325)
CASH, BEGINNING OF YEAR	<u>67,662</u>	<u>45,239</u>	<u>112,901</u>	<u>150,226</u>
CASH, END OF YEAR	<u>\$ 74,003</u>	<u>\$ 137,141</u>	<u>\$ 211,144</u>	<u>\$ 112,901</u>
SUPPLEMENTARY INFORMATION				
Cash paid for income taxes	<u>\$ 13,100</u>	<u>\$</u>	<u>\$ 13,100</u>	<u>\$</u>

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

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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.

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.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 11, 2022, which is the date the financial statements were available to be issued.

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).

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

FAIR VALUE MEASUREMENTS (Continued)

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>\$ 812,782</u>	<u>\$ 675,673</u>	<u>\$ 137,109</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.

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. As of December 31, 2021, management has determined that all assessments receivable are collectible.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and ending of the year are \$3,631 and \$4,305, respectively.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$750,292 and \$876,292, respectively.

Replacement fund assessments billed during 2021 totaled \$126,000 and have been deferred until spent in a subsequent period.

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, 2021. 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.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The Association hired an independent contractor to perform a replacement study in 2018 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.

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 \$126,000 for the year ended December 31, 2021.

REPLACEMENT FUND EXPENSES

The Association incurred the following replacement fund expenses:

Tennis court refurbishment	\$	86,000
Chimney projects		13,500
Investment fees		6,280
	\$	<u>105,780</u>

COMMITMENTS

The Association entered into a management agreement with Wilgus Associates, Inc. to manage the operations of the Association. The term of the agreement is for five years beginning February 1, 2017. The agreement calls for a monthly fee of \$22 per unit. During the year ended December 31, 2021, the Association paid management fees of \$33,264.

BETHANY PROPER TOWNHOMES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

COMMITMENTS (Continued)

The Association entered into a landscape management agreement with Sullivan's Landscaping. The agreement commences April 2020 and ends March 2023. The agreement calls for a monthly fee of \$5,318 for each of the three years.

The Association entered into an agreement with Sport Builders, Inc. for the tennis court refurbishment project. The agreement calls for a total fee of \$129,000, due in three installments of \$43,000. As of December 31, 2021, \$43,000 remains to be paid on the contract for work to be completed subsequent to the year end.

RELATED PARTY TRANSACTIONS

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, 2021, the Association incurred expense of \$337,485 for these services from Wilgus Associates, Inc.

IMPACT OF COVID-19

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. Whereas the economy is starting to open back up and less restrictions are in place, the future is still uncertain. A surge in cases could result in restrictions being put back in place. The related financial impact, if any, cannot be determined at this time.

SUPPLEMENTARY INFORMATION



ANDREW M. HAYNIE, CPA
SUSAN P. KEEN, CPA
MICHAEL C. KLEGER, CPA
JAMES D. MAYBURY, CPA
E. LEE McCABE, CPA
JEFFREY A. MICHALIK, CPA
ROBERT L. MOORE, CPA
DANIEL M. O'CONNELL II, CPA
ASHLEY M. STERN, CPA
JOHN M. STERN, JR., CPA

PKScpa.com

Salisbury

1801 SWEETBAY DRIVE
P.O. Box 72
SALISBURY, MD 21803
TEL: 410.546.5600
FAX: 410.548.9576

Ocean City

12216 OCEAN GATEWAY
SUITE 800
OCEAN CITY, MD 21842
TEL: 410.213.7185
FAX: 410.213.7638

Lewes

1143 SAVANNAH ROAD
SUITE 1
P.O. Box 192
LEWES, DE 19958
TEL: 302.645.5757
FAX: 302.645.1757

MEMBERS OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

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, 2021, and our report thereon dated July 11, 2022 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 11, 2022

BETHANY PROPER TOWNHOMES

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

DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Cash	\$ 74,003	\$ 137,141	\$ 211,144	\$ 112,901
Investments		812,782	812,782	790,213
Assessments receivable	3,482	823	4,305	3,631
Accounts receivable - other	100		100	100
Prepaid insurance	62,226		62,226	59,031
Total assets	<u>\$ 139,811</u>	<u>\$ 950,746</u>	<u>\$ 1,090,557</u>	<u>\$ 965,876</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 62,803	\$ 130	\$ 62,933	\$ 730
Income taxes payable	4,671		4,671	10,992
Prepaid assessments	8,415	1,500	9,915	13,925
Total liabilities	<u>75,889</u>	<u>1,630</u>	<u>77,519</u>	<u>25,647</u>

FUND BALANCES

	<u>63,922</u>	<u>949,116</u>	<u>1,013,038</u>	<u>940,229</u>
Total liabilities and fund balances	<u>\$ 139,811</u>	<u>\$ 950,746</u>	<u>\$ 1,090,557</u>	<u>\$ 965,876</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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
REVENUES				
Member assessments	\$ 579,600	\$ 126,000	\$ 705,600	\$ 698,040
Iris Court recreational fee	8,000		8,000	7,840
Realized gain on sale of investments		19,449	19,449	54,145
Net investment income		75,026	75,026	13,200
Interest, late fees and other revenues	890	29	919	1,737
Total revenues	588,490	220,504	808,994	774,962
EXPENSES				
Recreation	62,007		62,007	64,520
Administrative	229,786	6,280	236,066	214,535
Maintenance	320,793	99,500	420,293	328,556
Utilities	11,040		11,040	11,312
Income taxes	6,779		6,779	13,266
Total expenses	630,405	105,780	736,185	632,189
Net revenues over (under) expenses	(41,915)	114,724	72,809	142,773
FUND BALANCES, BEGINNING OF YEAR	105,837	834,392	940,229	797,456
FUND BALANCES, END OF YEAR	<u>\$ 63,922</u>	<u>\$ 949,116</u>	<u>\$ 1,013,038</u>	<u>\$ 940,229</u>

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES**SCHEDULES OF OPERATING FUND REVENUES AND EXPENSES
BUDGET AND ACTUAL****YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021		2020
	Budget (Unaudited)	Actual	Actual
REVENUES			
Member assessments	\$ 579,600	\$ 579,600	\$ 572,040
Iris Court recreational fee	8,000	8,000	7,840
Late fees and other revenues		890	1,681
Total revenues	<u>587,600</u>	<u>588,490</u>	<u>581,561</u>
EXPENSES			
Recreation			
Pool payroll	49,400	49,400	49,200
Supplies	2,000	2,320	1,883
Pool furniture	1,000		523
Pool/tennis maintenance	12,000	10,287	12,914
	<u>64,400</u>	<u>62,007</u>	<u>64,520</u>
Administrative			
Management fees	33,264	33,264	33,264
Professional fees	5,500	5,338	4,975
Insurance	181,600	186,506	169,317
Meetings/social	500	528	
Property taxes	2,000	1,796	1,741
Travel	500		
Telephone	550	290	
Clerical	2,000	2,064	372
	<u>225,914</u>	<u>229,786</u>	<u>209,669</u>
Maintenance			
Landscaping	15,000	11,857	14,064
Lawn contract	63,817	63,817	63,817
Lawn maintenance/supplies	10,000	948	4,836
Tree work	30,000	24,150	36,525
Termite/pest control	12,000	13,250	11,399

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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021		2020
	Budget (Unaudited)	Actual	Actual
Maintenance (Continued)			
Painting	65,000	68,001	50,976
General maintenance	50,000	106,908	48,585
Crawl space maintenance	32,000	31,862	32,562
Contingency	2,769		
	<u>280,586</u>	<u>320,793</u>	<u>262,764</u>
Utilities			
Electric	10,000	8,773	8,810
Sewer/water	3,200	2,267	2,502
	<u>13,200</u>	<u>11,040</u>	<u>11,312</u>
Income taxes	<u>3,500</u>	<u>6,779</u>	<u>13,266</u>
Total expenses	<u>587,600</u>	<u>630,405</u>	<u>561,531</u>
Net revenues over (under) expenses	<u>\$</u>	<u>\$ (41,915)</u>	<u>\$ 20,030</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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>		<u>2020</u>
	<u>Budget (Unaudited)</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Member assessments	\$ 126,000	\$ 126,000	\$ 126,000
Realized gain on sale of investments		19,449	54,145
Net investment income	12,000	75,026	13,200
Interest and late fees	125	29	56
Total revenues	<u>138,125</u>	<u>220,504</u>	<u>193,401</u>
EXPENSES			
Administrative			
Investment fees	<u>5,000</u>	<u>6,280</u>	<u>4,866</u>
Maintenance			
Chimneys	10,000	13,500	28,200
Tennis court		86,000	
Gutters			17,068
Pool			1,976
Siding replacement	<u>20,000</u>		<u>18,548</u>
	<u>30,000</u>	<u>99,500</u>	<u>65,792</u>
Total expenses	<u>35,000</u>	<u>105,780</u>	<u>70,658</u>
Net revenues over expenses	<u>\$ 103,125</u>	<u>\$ 114,724</u>	<u>\$ 122,743</u>

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

DECEMBER 31, 2021
(Unaudited)

The Association hired Miller Dodson Associates to perform a Level II study in 2018 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 \$105,289 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
General site improvements			
Asphalt - overlay - Azalea Ct	24	6	\$ 24,595
Asphalt - overlay - Bayberry Ct	24	5	30,348
Asphalt - overlay - Cedar Ct	2	5	28,145
Asphalt - overlay - Daylilly Ct	24	7	28,694
Asphalt - overlay - Evergreen Ct	24	6	29,549
Asphalt - overlay - Forsythia Ct	24	6	43,634
Asphalt - overlay - Geranium Ct	24	5	25,056
Asphalt - overlay - Holly Ct	24	7	31,777
Asphalt - overlay - stand alone units	24	8	12,404
Asphalt, seal coat	6	6	28,245
Concrete sidewalk (3%)	6	6	2,653
Concrete curb & gutter (3%)	6	15	1,846
Masonry dumpster enclosure	30	21	38,000
Dumpster wood stairs	15	6	3,400
Entry signs	40	33	6,000
Landscape lighting	15	9	1,800
Domestic water - mains (10%)	30	20	7,000
Sanitary sewer - mains (10%)	30	20	3,500
Stormwater - structure & pipe (10%)	20	10	8,000

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

DECEMBER 31, 2021
(Unaudited)

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs
Pool house			
Asphalt shingle roof	25	6	9,308
Skylights	35	16	1,800
Windows - int	40	26	550
Windows - ext	20	6	550
Door - HM - int	30	16	7,500
Door - HM - ext	20	6	7,500
Garage door - aluminum	15	12	1,500
Interior renovation	10	9	10,000
HVAC system	20	6	14,000
Exhaust fans	15	5	900
Water heater	15	none	1,500
Fluorescent lights	30	11	1,450
Fluorescent lights - storage	30	none	1,160
Recessed lights	30	9	1,050
Flag poles	30	16	1,300
Site lights, standard poles	30	15	7,000
Site lights, standard heads	15	15	3,360
Pool pump house			
Asphalt shingle roof	25	6	3,744
Door - HM	15	5	1,000
Deck - structure	40	29	6,624
Deck - wood decking	20	9	2,736
Drinking fountain	20	2	1,350
Fluorescent lights	25	none	750
Recessed lights	25	2	900
Soffit	20	9	1,440

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

DECEMBER 31, 2021
(Unaudited)

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs
Townhouses			
Roofing - asphalt shingles - Azalea Ct	25	12	114,569
Roofing - asphalt shingles - Bayberry Ct	25	12	114,569
Roofing - asphalt shingles - Cedar Ct	25	12	114,569
Roofing - asphalt shingles - Daylilly Ct	25	13	114,569
Roofing - asphalt shingles - Evergreen Ct	25	13	114,569
Roofing - asphalt shingles - Forsythia Ct	25	13	114,569
Roofing - asphalt shingles - Geranium Ct	25	14	114,569
Roofing - asphalt shingles - Holly Ct	25	14	114,569
Roofing - asphalt shingles - single units	25	14	72,865
Gutter and downspouts - Azalea Ct	25	12	7,613
Gutter and downspouts - Bayberry Ct	25	12	7,613
Gutter and downspouts - Cedar Ct	25	12	7,613
Gutter and downspouts - Daylilly Ct	25	13	7,613
Gutter and downspouts - Evergreen Ct	25	13	7,613
Gutter and downspouts - Forsythia Ct	25	13	7,613
Gutter and downspouts - Geranium Ct	25	14	7,613
Gutter and downspouts - Holly Ct	25	14	7,613
Gutter and downspouts - single units	25	14	4,988
Crawlspace membrane 20 mil	10	15	45,000
Chimneys			
Chimneys (10 per year)	30	24	40,000
Chimneys (10 per year)	30	25	40,000
Chimneys (10 per year)	30	26	40,000
Chimneys (10 per year)	30	27	40,000
Chimneys (10 per year)	30	28	40,000
Chimneys (10 per year)	30	29	40,000
Chimneys (10 per year)	30	30	40,000
Chimneys (10 per year)	30	none	40,000
Chimneys (10 per year)	30	1	40,000

See independent auditors' report on supplementary information.

BETHANY PROPER TOWNHOMES

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

DECEMBER 31, 2021
(Unaudited)

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs
Swimming pool			
Swimming pool, structure	60	26	97,500
Swimming pool, whitecoat	10	3	8,775
Swimming pool, waterline tile	10	3	1,746
Swimming pool, coping	20	8	4,730
Swimming pool, cover	7	5	2,925
Swimming pool, life guard stand	20	10	450
Wading swimming pool, structure	60	26	11,700
Wading swimming pool, whitecoat	10	3	1,053
Wading swimming pool, waterline tile	10	3	609
Wading swimming pool, coping	20	8	1,650
Swimming pool pump (2 - 5 hp)	10	3	1,700
Swimming pool filter	15	6	5,400
Swimming pool, concrete deck (25%)	40	5	19,938
Swimming pool, concrete deck (25%)	40	15	19,938
Swimming pool, concrete deck (25%)	40	25	19,938
Swimming pool, concrete deck (25%)	40	30	19,938
Pool furniture	3	3	3,000
Perimeter fence	20	20	13,915
Courts			
Tennis court, color coat	7	4	12,494
Tennis court, resurface	21	18	49,976
Tennis court, post & footings	21	18	2,560
Tennis court, net	7	4	1,400
Tennis court, fence	21	18	24,750
Tennis court, wind screen	15	11	18,000
			<u>\$ 2,248,012</u>

See independent auditors' report on supplementary information.