



April 4, 2022

To the Board of Directors
West Neck Community Association, Inc.

We have completed our audit of the Association's financial statements for the year ended December 31, 2021. Enclosed please find the following:

1. Management letter to the Board of Directors - This letter provides additional information related to our audit and is intended for the use of the Board of Directors and management.
2. Audited financial statements.
3. Adjusting journal entry - The necessary adjustments that should be made to the Association's general ledger have been summarized on the adjusting journal entry.
4. Adjusted trial balance - The adjusted trial balance is included for informational purposes only.
5. Depreciation schedule - The depreciation schedule is included for informational purposes only.

We appreciate the opportunity to serve you.

Sincerely,

Katie B. Mocnik, CPA, CFE
DesRoches & Company, CPAs, P.C.



April 4, 2022

To the Board of Directors and Management
West Neck Community Association, Inc.

We have audited the financial statements of West Neck Community Association, Inc. (“the Association”) for the year ended December 31, 2021, and have issued our report thereon. Professional standards require that we provide you with the following additional information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Association are described in Note 1 to the financial statements.

The Financial Accounting Standards Board (FASB), which establishes Generally Accepted Accounting Principles (GAAP) for United States entities, issued a new standard for revenue recognition, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with*

Customers (FASB ASC 606 - "Topic 606") which became effective for the Association's 2019 financial statements. While the guidance clearly applies to the Association's transactions with members and nonmembers in their capacity as customers (i.e., ancillary income sources), there is still debate in the industry as to whether or not Topic 606 applies to member assessments. Management has taken the position that Topic 606 does not apply to the Association's regular member assessments. We have evaluated that position and concluded that it is still appropriate under existing GAAP.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about the past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the recorded account balances is the amount of depreciation expense to record for the Association's property and equipment.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. The Association uses lives for each asset category that are consistently applied from year to year. The process is in accordance with accounting principles generally accepted in the United States of America. We have evaluated the reasonableness of the useful lives of the Association's property and equipment in determining that depreciation expense is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered In Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Significant and/or Unusual Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Adjusting journal entries were made during our audit to correct all such misstatements. Significant and/or unusual audit adjustments include the following:

- Necessary adjustments were made during our audit in order to convert the Association's financial statements from the "modified" accrual method of accounting to "full" accrual.
- Necessary adjustments were made to the Association's property and equipment accounts and deferred cost accounts in order to record purchased property and equipment, asset disposals, and related depreciation and amortization.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management "representation" letter dated April 4, 2022.

Other Audit Findings or Issues

Recommendations to Improve or Sustain Internal Controls or Other Association Practices

We have included recommendations of potential improvements which came to our attention during our audit. We hope that you find these recommendations useful in improving or sustaining established internal controls or other association practices. Many of these recommendations were also included in past audit management letters. We believe it is important to repeat these recommendations for new Board of Director members and emphasize their continuing importance.

- Continue to Maintain Board Involvement and Oversight

In a small business environment, it is difficult to adequately segregate accounting duties. As a result, the Board of Directors' oversight of the accounting function is currently a key control over cash receipts and cash disbursements. Accordingly, we want to emphasize the importance of the Board of Directors' current review and oversight of the accounting function. The Board of Directors should continue to routinely review the Association's monthly financial statements, actual financial results versus budget, and review and approve all accounts receivable adjustments and write-offs. Compensating controls surrounding cash disbursements also include the Board of Directors' review of bank reconciliations, check registers and paid invoices, and the Board of Directors' review and approval of all contracts and unanticipated expenditures.

- Resolve Bank Account Reconciling Items on a Timely Basis

During our audit, we noted that the Pacific Premier Bank checking account bank reconciliation listed several old reconciling items that had not cleared the bank account. The outstanding items were immaterial individually and in total. We recommend that management investigate these old reconciling items to determine the necessary corrective action. In order to help detect and correct errors on a timely basis, we want to emphasize the importance of preparing complete and accurate bank reconciliations for all cash accounts. We also recommend that the Board of Directors review the Association's

monthly bank reconciliations for old and usual items and ensure the reconciliation agrees to the general ledger balance and bank statement balance.

- Record Interest Income on Savings Accounts on a Timely Basis

During our audit, we noted that interest income was not being recorded on several savings accounts (certificates of deposit) on a timely basis. We understand that some banks only send statements annually or quarterly, which causes a delay in the recording of interest income. An adjusting audit entry was made to record interest earned through December 31, 2021. In order to improve financial reporting, interest income should be recorded to reflect interest earned to date.

- Limit Financial Institution Uninsured Deposits

During our audit, we noted that the Association funds on deposit in Langley Federal Credit Union as of December 31, 2021 totaled \$296,936. This amount exceeds the maximum deposit amount that the National Credit Union Share Insurance Fund will insure by \$46,936. Accordingly, we recommend that the Association limit investments in financial institutions to the insured amount by investing excess funds with other financial institutions.

* * * * *

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



DesRoches & Company, CPAs, P.C.

**WEST NECK
COMMUNITY ASSOCIATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

The Board of Directors
West Neck Community Association, Inc.

Opinion

We have audited the accompanying financial statements of West Neck Community Association, Inc. ("the Association"), which comprise the balance sheet as of December 31, 2021, and the related statements of revenues and expenses, changes in fund balances, and of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of future major repairs and replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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.

April 4, 2022

DeoRoches & Company

WEST NECK COMMUNITY ASSOCIATION, INC.

BALANCE SHEET

December 31, 2021

	Operating Fund	Insurance/ Risk Mgmt Fund	Replacement Fund	Capital Improvement Fund	Total
Assets					
Cash and cash equivalents:					
Checking and savings	\$ 227,194	\$ 54,645	\$ 243,076	\$ 51,543	\$ 576,458
Certificates of deposit	126,655	48,620	389,756	27,011	592,042
Total cash and cash equivalents	353,849	103,265	632,832	78,554	1,168,500
Assessments receivable, net of allowance for doubtful accounts of \$4,600	10,133	0	0	0	10,133
Prepaid expenses	8,694	0	0	0	8,694
Property and equipment, net	2,409,013	0	0	0	2,409,013
Total assets	\$ 2,781,689	\$ 103,265	\$ 632,832	\$ 78,554	\$ 3,596,340
Liabilities and Fund Balances					
Accounts payable	\$ 11,769	\$ 0	\$ 0	\$ 0	\$ 11,769
Contract liabilities	1,075	0	0	0	1,075
Prepaid assessments	78,950	0	0	0	78,950
Note payable, net of unamortized debt costs of \$14,339	935,647	0	0	0	935,647
Total liabilities	1,027,441	0	0	0	1,027,441
Fund balances	1,754,248	103,265	632,832	78,554	2,568,899
Total liabilities and fund balances	\$ 2,781,689	\$ 103,265	\$ 632,832	\$ 78,554	\$ 3,596,340

See notes to financial statements and independent auditors' report.

WEST NECK COMMUNITY ASSOCIATION, INC.

STATEMENT OF REVENUES AND EXPENSES

For the year ended December 31, 2021

	Operating Fund	Insurance/ Risk Mgmt Fund	Replacement Fund	Capital Improvement Fund	Total
Revenues:					
Member assessments	\$ 611,084	\$ 0	\$ 53,371	\$ 9,465	\$ 673,920
Pool memberships	52,040	0	0	0	52,040
Interest income	1,451	760	8,153	484	10,848
Rental income	4,661	0	0	0	4,661
Late and legal fees	1,505	0	0	0	1,505
Other income	3,600	0	0	0	3,600
Total revenues	674,341	760	61,524	9,949	746,574
Expenses:					
Accounting	9,179	0	0	0	9,179
Dues and education	573	0	0	0	573
Electric	1,196	0	0	0	1,196
General repairs and maintenance	5,913	0	10,674	0	16,587
Grounds maintenance	26,298	0	0	0	26,298
Income taxes	768	0	0	0	768
Insurance	18,223	0	0	0	18,223
Interest	49,749	0	0	0	49,749
Irrigation maintenance	32,084	0	0	0	32,084
Lawn maintenance	124,811	0	0	0	124,811
Legal	14,440	0	0	0	14,440
Management	68,196	0	0	0	68,196
Miscellaneous	2,856	0	0	0	2,856
Postage	5,125	0	0	0	5,125
Printing	14,951	0	0	0	14,951
Social activities	2,889	0	0	0	2,889
Village Hall - administrative	11,048	0	0	0	11,048
Village Hall - maintenance	52,815	0	0	0	52,815
Village Hall - payroll expenses	88,646	0	0	0	88,646
Village Hall - utilities	23,550	0	0	0	23,550
Total expenses	553,310	0	10,674	0	563,984
Excess revenues over expenses before depreciation	121,031	760	50,850	9,949	182,590
Less: depreciation	66,233	0	0	0	66,233
Excess revenues over expenses	\$ 54,798	\$ 760	\$ 50,850	\$ 9,949	\$ 116,357

See notes to financial statements and independent auditors' report.

WEST NECK COMMUNITY ASSOCIATION, INC.

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended December 31, 2021

	<u>Operating Fund</u>	<u>Insurance/ Risk Mgmt Fund</u>	<u>Replacement Fund</u>	<u>Capital Improvement Fund</u>	<u>Total</u>
Fund balances - beginning of year	\$ 1,697,379	\$ 102,505	\$ 584,083	\$ 68,575	\$ 2,452,542
Excess revenues over expenses	54,798	760	50,850	9,949	116,357
Purchase of property and equipment	4,588	0	(4,588)	0	0
Interfund transfers	<u>(2,517)</u>	<u>0</u>	<u>2,487</u>	<u>30</u>	<u>0</u>
Fund balances - end of year	<u>\$ 1,754,248</u>	<u>\$ 103,265</u>	<u>\$ 632,832</u>	<u>\$ 78,554</u>	<u>\$ 2,568,899</u>

See notes to financial statements and independent auditors' report.

WEST NECK COMMUNITY ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	Operating Fund	Insurance/ Risk Mgmt Fund	Replacement Fund	Capital Improvement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess revenues over expenses	\$ 54,798	\$ 760	\$ 50,850	\$ 9,949	\$ 116,357
Adjustments to reconcile excess revenues over expenses to net cash flow from operating activities:					
Depreciation and amortization	73,942	0	0	0	73,942
Changes in operating assets and liabilities:					
(Increase) decrease in operating assets:					
Assessments receivable	(1,690)	0	0	0	(1,690)
Prepaid expenses	(3,695)	0	0	0	(3,695)
Increase (decrease) in operating liabilities:					
Accounts payable	10,193	0	0	0	10,193
Income taxes payable	(582)	0	0	0	(582)
Contract liabilities	(5,125)	0	0	0	(5,125)
Prepaid assessments	24,591	0	0	0	24,591
Net cash flow from operating activities	<u>152,432</u>	<u>760</u>	<u>50,850</u>	<u>9,949</u>	<u>213,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	<u>0</u>	<u>0</u>	<u>(4,588)</u>	<u>0</u>	<u>(4,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Debt issuance costs	(15,442)	0	0	0	(15,442)
Principal payments on notes payable	(90,700)	0	0	0	(90,700)
Interfund transfers	<u>(3,666)</u>	<u>0</u>	<u>3,636</u>	<u>30</u>	<u>0</u>
Net cash flow from financing activities	<u>(109,808)</u>	<u>0</u>	<u>3,636</u>	<u>30</u>	<u>(106,142)</u>
Increase in cash and cash equivalents	42,624	760	49,898	9,979	103,261
Cash and cash equivalents at beginning of year	<u>311,225</u>	<u>102,505</u>	<u>582,934</u>	<u>68,575</u>	<u>1,065,239</u>
Cash and cash equivalents at end of year	<u>\$ 353,849</u>	<u>\$ 103,265</u>	<u>\$ 632,832</u>	<u>\$ 78,554</u>	<u>\$ 1,168,500</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION					
Cash paid during the year for income taxes	<u>\$ 2,712</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,712</u>
Cash paid during the year for interest	<u>\$ 42,040</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,040</u>

See notes to financial statements and independent auditors' report.

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

[1] **NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business West Neck Community Association, Inc. (“the Association”) is a management association formed as a corporation and organized for the specific purpose of maintaining, preserving and architecturally controlling the individual properties and common areas for the benefit of its members. The Association consists of 936 homes and is located in Virginia Beach, Virginia.

Method of Accounting The Association follows accounting principles generally accepted in the United States of America.

Fund Accounting The Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established in accordance to their nature and purpose.

Operating Fund This fund is used to account for the financial resources for the general operations of the common property.

Insurance/Risk Management Fund This fund is used to accumulate financial resources for insurance deductibles and other unexpected losses not covered by insurance.

Replacement Fund This fund is used to accumulate financial resources for future major repairs and replacements of the common property.

Capital Improvement Fund This fund is used to accumulate financial resources for future capital improvement projects.

Member Assessments Association members are subject to monthly assessments to provide funds for the Association’s operating expenses and major repairs and replacements. Member assessments are recognized in the period assessed, regardless of when collected or expensed. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association’s policy is to retain legal counsel and place liens on the properties of owners whose assessments are several months delinquent. Member assessments in the statement of revenues and expenses have been allocated between the funds based upon the Association’s 2021 budget reserve requirements. The Association retains excess assessments at the end of the year, if any, for use in future periods.

Allowance for Uncollectible Assessments The Association's policy is to record an allowance for uncollectible assessments for those accounts which are substantially delinquent that management feels are doubtful of collection.

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Recognition of Assets During the organization of the Association, certain real common property was received from the Declarant. The property contributed included land and related improvements. This property has not been recognized on the Association's financial statements because the Association cannot dispose of the property at the discretion of its Board of Directors for cash. In addition, the property is not used by the Association to generate significant cash flow from members or nonmembers on the basis of usage. However, the Association's purchases of real and personal property and equipment, for which the Association holds title, are recognized as assets at the Association's cost if the criteria stated above are satisfied.

Cash and Cash Equivalents The Association includes all cash accounts, money market accounts, and certificates of deposit with an original maturity of three months or less or that do not include a substantial penalty for early withdrawal, to be cash and cash equivalents.

Debt Issuance Costs Debt issuance costs are reflected as a reduction of the reported notes payable balance on the Association's balance sheet. Such costs are being amortized as an adjustment to interest expense over the term of the loan using the straight-line method, which is not expected to differ materially from the effective interest method.

Depreciation Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Revenue Recognition The Association's income from transactions with members and nonmembers in their capacity as customers (i.e., ancillary income sources) is subject to Topic 606, *Revenue from Contracts with Customers*. Under the guidance, an entity recognizes revenue when promised goods or services are transferred to a customer in the amount the entity expects to collect from the customer. Transactions with members in their capacity as owners (i.e., regular member assessments) are outside the scope of Topic 606.

Ancillary Income The Association's ancillary income includes income from clubhouse rentals and pool memberships. Ancillary income is recognized as the related performance obligations are satisfied (i.e., as the related goods and services are provided to members or nonmembers). There was no ancillary income receivable at the beginning or end of the year.

Contract Liabilities The Association recognizes revenue from ancillary income as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to the ancillary income. Contract liabilities totaled \$6,200 and \$1,075 as of the beginning and end of the year, respectively.

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

[2] PROPERTY AND EQUIPMENT

During 2007, the Association purchased undeveloped land totaling approximately 2.5 acres from Baymark Construction Corporation. The Association used the property for the construction of a “Village Hall” and pool. During 2014, the Association purchased undeveloped land totaling approximately 9.1 acres from Baymark Construction Corporation and Baymark Golf, LLC. In addition, during 2015 the Association purchased approximately 1.8 acres of undeveloped land from Robert H. DeFord Jr. The Association intends to retain the land as green space.

As of December 31, 2021, property and equipment consists of the following:

Land	\$ 854,776
Village Hall and pool	2,284,385
Furniture and equipment	<u>250,703</u>
	3,389,864
Less: accumulated depreciation	<u>(980,851)</u>
	<u>\$ 2,409,013</u>

[3] NOTES PAYABLE

During 2008, the Association obtained a \$1,500,000 line of credit payable to Towne Bank to help fund construction of the Village Hall and pool. During 2014, the Association obtained a note payable to Towne Bank in the amount of \$325,000 to provide funding for the purchase of two parcels of land. During 2015, the Association entered into a note payable to Robert H. DeFord Jr. in the amount of \$190,000 to provide funding for the purchase of a parcel of land.

During 2021, the Association obtained a loan from Towne Bank in the amount of \$1,002,500 to consolidate the previous two loans with Towne Bank and the previous loan with Robert H. DeFord Jr. The note is payable in eighty-four equal monthly installments of \$13,590, including interest at 3.70% over the term of the loan. The note payable is secured by the land, Village Hall building and related improvements.

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Scheduled principal reductions at December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 129,666
2023	134,614
2024	139,682
2025	145,083
2026	150,620
Thereafter	<u>250,321</u>
	<u>\$ 949,986</u>

Notes payable are being presented on the balance sheet net of unamortized debt issuance costs of \$14,339 as of December 31, 2021.

[4] FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are generally held in separate savings accounts and are not available for expenditures for normal operations.

During 2017, the Board of Directors hired an outside professional firm to conduct a study to estimate the remaining useful lives and the replacement costs of the components of common property. During 2022, the Board of Directors hired a professional firm to update the study. As of April 4, 2022, the updated study had not been completed; consequently, the unaudited supplementary information of future major repairs and replacements contains information from the 2017 reserve study.

The Board of Directors is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. A funding requirement of \$60,122 has been included in the 2022 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the 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 for major repairs and replacements. If additional funds are needed, the Association has the right, under certain circumstances, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

[5] INCOME TAXES

The Association has elected to be tax-exempt with respect to its exempt function income under Internal Revenue Code Section 528. However, income tax is due on its non-exempt function income, such as interest earnings. Net nonexempt income is taxed at 30% by the federal government and at 6% by the Commonwealth of Virginia. Accordingly, a provision for income taxes of \$768 has been made for the year ended December 31, 2021.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that, more likely than not, would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2018.

[6] CONCENTRATION OF RISK

The Association's funds on deposit with Langley Federal Credit Union as of December 31, 2021 were in excess of the maximum amount of \$250,000 secured by the Federal Deposit Insurance Corporation. Uninsured balances were approximately \$47,000 at December 31, 2021.

[7] SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date that the financial statements were available to be issued, April 4, 2022.

SUPPLEMENTARY INFORMATION

WEST NECK COMMUNITY ASSOCIATION, INC.

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2021

Unaudited

During 2017, Miller-Dodson Associates, Inc. conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components as of the date of the study using actual replacement cost data, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database. The study does not consider the effects of inflation on estimated replacement costs or interest earnings on accumulated reserve funds.

The following table is a summary of information contained in the professional study concerning the components of common property. The data contained below is for informational purposes only and has not been subjected to auditing procedures. All data is as of the effective date of the study, May 8, 2017.

<u>Component</u>	<u>Estimated Remaining Useful Life</u>	<u>Current Replacement Cost</u>
Site Components - Pavement, Monuments and Lighting		
Asphalt pavement, overlay and sealcoat	1-16 years	\$ 47,961
Flag pole	35 years	3,200
Lighting, flag pole and bollards	5-16 years	15,227
Signage, directional, refurbish	1 year	1,000
Signage, directional, replace	16 years	5,180
Brick entry piers and monuments, repoint (10%)	1 year	5,569
Signage entrance, granite, refurbish	6 years	2,000
Fence, alum. picket	11 years	11,583
Precast caps (partial allowance)	16 years	780
Signage and brick monument, Rosecrest	6 years	1,254
Signage and brick monument, neighborhoods	6 years	7,500
Brick planters, traffic circle, repoint (10%)	1 year	1,819
Site Components - Concrete and Site Furnishings		
Concrete curb (6%), sidewalk (6%), and trash pad	0-16 years	10,823
Benches, steel, refurbish	0 years	4,950
Benches, steel, replace	25 years	11,655
Arch structures, refurbish	5 years	2,450
Arch structures, replace	25 years	6,265
Sculpture, dolphin, refurbish	5 years	1,000
Tree replacement allowance	8 years	15,000
Irrigation, controller, lateral, and head allowance	2 years	6,800
Site Components - Ponds and Fountains		
Dredging, ponds A, BCC, and F	8 years	295,520

WEST NECK COMMUNITY ASSOCIATION, INC.

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2021

Unaudited

<u>Component</u>	<u>Estimated Remaining Useful Life</u>	<u>Current Replacement Cost</u>
Fountain, pond A and BCC	5 years	3,780
Aerators, air compressor, and hoses	13 years	5,185
Site Components - Ceremony Garden		
Concrete paver walk, reset (partial)	0 years	692
Walkway paver set lighting	10 years	5,850
Retaining wall and pergola structure	25 years	6,995
Pergola lighting	10 years	500
Arbor, 4'x6'	15 years	1,200
Site Components - Stormwater		
Stormwater pipe, drop inlet and curb inlet	13 years	13,153
Guardhouse		
Building exterior and roofing	13 years	12,545
Columns, architectural brackets, and paver	28 years	14,001
Uplighting and floodlights	3 years	7,036
Cupola and clockworks	43 years	5,500
Pool House Exterior		
Building exterior and roofing	15-25 years	15,867
Pavilion	5-40 years	12,650
Small and large trellis at pool	20 years	19,800
Village Hall Exterior		
Building exterior and roofing	0-25 years	98,584
Columns, pilasters, and railings	5-35 years	11,051
Patio, concrete sealer and awning	5 years	13,518
Brick steps, repoint allowance	0 years	1,000
Patio furniture allowance	6 years	4,200
Village Hall Interior		
Flooring	5-20 years	62,232
Dance floor panels allowance	4 years	4,500
Ceiling tiles	10-15 years	1,831
Restroom and kitchen allowance	20 years	35,160
Window treatment allowance	10 years	6,000
Office, library, and game room furniture allowance	6-15 years	37,500
Clubhouse tables	10 years	30,835

WEST NECK COMMUNITY ASSOCIATION, INC.

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2021

Unaudited

<u>Component</u>	<u>Estimated Remaining Useful Life</u>	<u>Current Replacement Cost</u>
Chairs and chair cart	5-20 years	21,925
Warming cabinet, portable	10 years	2,800
Icemaker	5-6 years	2,190
Microwave and convection oven	5-10 years	1,350
Freezer, fridge, and dishwasher	5-12 years	10,045
Bus carts, portable bar, and gas grill	9-10 years	2,585
Village Hall Building Systems		
Dehumidifiers and sump pumps, crawl space	9-14 years	6,941
Heat pumps, air handlers, water heater and cooler	8-11 years	42,366
Toilets, urinal, and lavatory	8 years	8,062
Kitchen sink	6-11 years	790
Exit lighting	11 years	1,490
Fixtures, lights, and wall sconces	21 years	39,997
Exterior wall lights	11 years	4,290
Fire alarm, sound system and phone system	11-16 years	30,000
Recreation		
Swimming pool structure	51 years	168,895
Swimming pool, whitecoat and waterline tile	3 years	21,624
Swimming pool coping, stone	21 years	11,050
Pool cover, safety mesh	3 years	3,108
Pool deck, concrete (20%) and joint sealant	1-16 years	9,173
Pool fence, aluminum, 42"	16 years	11,980
Pool filtration, Triton II , TR-140	16 years	2,070
Pool pump	2-10 years	4,790
Pool heater and chemical feed	5-10 years	5,450
Pool furniture allowance	2-9 years	11,500
Site light, poles and fixtures	6-21 years	9,360
Fitness equipment	2-30 years	72,940
Auto defibrillator	12 years	1,495
Cubicle lockers and attendant desk	20 years	2,990
		<u><u>\$ 1,399,957</u></u>

The Association's 2022 minimum recommended annual reserve contribution as stated in the reserve study totals \$53,644.

Client: West Neck Community Association, Inc.

Date: 12/31/2021

Adjusting Journal Entry

Account Name	Account #	Debit	Credit
CD RepRes Towne Bank 3.16% 08/15/22	1355 *	3,682.97	
CD RepRes LFCU 3% 03/06/23	1361 *	674.12	
CD OperRes LFCU 1.73% 02/11/23	1365 *	224.63	
CD CapImp LFCU .60% 03/03/22	1369 *	40.82	
CD InsDed/Risk LFCU .6% 3/3/22	1370 *	73.47	
CD RepRes LFCU 1% 6/15/22	1371 *	26.21	
Accumulated Amortization	1985		1,102.98
Furniture & Equipment	1930	388.00	
Accumulated Depreciation	1915		62,033.00
A/P-Contractors/Vendors	2000	928.05	
Members Equity	3000	57,097.71	
		<u>\$ 63,135.98</u>	<u>\$ 63,135.98</u>

To post the net balance sheet effect of 2021 adjustments.

* Journal entry assumes the CD accounts have not been adjusted for interest income. If interest has been recorded, post the debit to #4910 Interest & Dividend Inc. and post an offsetting credit to #9964 Replacement Interest. Adjust the debit to members' equity to balance the entry.

Account Name	Account #	Debit	Credit
Members-Equity-Property&Equipment	3005		36,787.16
Res-Insurance Deductable & Risk Mgt.	3015		760.70
Various	3102/3212 ***		10,635.90
Res-Operating	3136		101,450.24
Res-Replacement Interest	3188	9,021.37	
Res-Capital improvement	3900		515.44
Members Equity	3000	141,128.07	
		<u>\$ 150,149.44</u>	<u>\$ 150,149.44</u>

To correct fund balances at 12/31/2021.

*** Entry should be allocated to the various fund balance accounts as the Board of Directors deems appropriate; otherwise, a prorata calculation would be acceptable.

Note I: Please post the journal entries to the 2022 general ledger.

West Neck Community Association, Inc.
Year End: December 31, 2021
Adjusted Trial Balance

ADJTJB

Account	Prelim	Adj's	Rep
1.10.100 Operating Cash	227,193.93	0.00	227,193.93
1000 Cash-PPB DDA	73,101.02	0.00	73,101.02
1001 Cash-Towne Bank-Impress Fund	4,193.36	0.00	4,193.36
1338 Oper Res MM Capital Bank 9618	149,899.55	0.00	149,899.55
1.10.200 Reserve Cash	243,076.26	0.00	243,076.26
1336 MM Repl Res LFCU	69,612.99	0.00	69,612.99
1341 MM RepRes Capital Bnk 0218	173,438.27	0.00	173,438.27
1470 RepRes Savings	25.00	0.00	25.00
1.10.205 Insurance/Risk Mgmt Cash	54,645.35	0.00	54,645.35
1340 MM InsDed & RiskMgmt 1218	54,645.35	0.00	54,645.35
1.10.300 Capital Improvements Cash	51,543.38	0.00	51,543.38
1339 CapImp Res MM Capital Bank	51,543.38	0.00	51,543.38
1.10. Cash	576,458.92	0.00	576,458.92
1.20.100 Operating CD	126,430.76	224.63	126,655.39
1365 CD OperRes LFCU 1.73% 02/11/23	51,436.52		
AJE05 To record additional interest income		224.63	
1365 CD OperRes LFCU 1.73% 02/11/23	51,436.52	224.63	51,661.15
1368 CD Oper Res Capital Bank .75% 12/22/22	74,994.24	0.00	74,994.24
1.20.200 Reserve CD	385,372.41	4,383.30	389,755.71
1355 CD RepRes Towne Bank 3.16% 08/15/22	115,218.58		
AJE05 To record additional interest income		3,682.97	
1355 CD RepRes Towne Bank 3.16% 08/15/22	115,218.58	3,682.97	118,901.55
1361 CD RepRes LFCU 3% 03/06/23	88,923.42		
AJE05 To record additional interest income		674.12	
1361 CD RepRes LFCU 3% 03/06/23	88,923.42	674.12	89,597.54
1367 CD Repl Res Capital Bank .85% 11/06/2022	170,848.79	0.00	170,848.79
1371 CD RepRes LFCU 1% 6/15/22	10,381.62		
AJE05 To record additional interest income		26.21	
1371 CD RepRes LFCU 1% 6/15/22	10,381.62	26.21	10,407.83
1.20.205 Insurance/Risk Mgmt CD	48,547.01	73.47	48,620.48
1370 CD InsDed/Risk LFCU .6% 3/3/22	48,547.01		
AJE05 To record additional interest income		73.47	
1370 CD InsDed/Risk LFCU .6% 3/3/22	48,547.01	73.47	48,620.48
1.20.300 Capital Improvements CDs	26,970.59	40.82	27,011.41
1369 CD CapImp LFCU .60% 03/03/22	26,970.59		
AJE05 To record additional interest income		40.82	
1369 CD CapImp LFCU .60% 03/03/22	26,970.59	40.82	27,011.41
1.20. Certificates of Deposit	587,320.77	4,722.22	592,042.99

West Neck Community Association, Inc.
Year End: December 31, 2021
Adjusted Trial Balance

ADJTB-1

Account	Prelim	Adj's	Rep
1.40.100 Assessments Receivable	14,732.84	0.00	14,732.84
1500 Net HO Past Due	14,742.84	0.00	14,742.84
1515 A/R - Community Group	(10.00)	0.00	(10.00)
1.40.900 Allowance for Doubtful Accounts	(4,600.00)	0.00	(4,600.00)
1530 Allowance for Doubtful accounts	(4,600.00)	0.00	(4,600.00)
1.40. Accounts Receivables	10,132.84	0.00	10,132.84
1.60.200 Prepaid Income Taxes	0.00	1,362.00	1,362.00
1700 Prepaid Income Tax	0.00		
AJE16 To record income taxes		1,362.00	
1700 Prepaid Income Tax	0.00	1,362.00	1,362.00
1.60.300 Prepaid Expenses	0.00	7,332.00	7,332.00
1600 Prepaid Insurance	0.00		
AJE06 To record prepaid insurance		999.00	
1600 Prepaid Insurance	0.00	999.00	999.00
1699 Prepaid Expense	0.00		
AJE14 To record prepaid expense		6,333.00	
1699 Prepaid Expense	0.00	6,333.00	6,333.00
1.60. Prepaid Expenses	0.00	8,694.00	8,694.00
1.80.100 Land & Building	3,139,160.63	0.00	3,139,160.63
1800 VH&P Building	2,284,384.52	0.00	2,284,384.52
1980 VH&P Land	247,775.81	0.00	247,775.81
1981 Land Purchase 1	363,428.06	0.00	363,428.06
1982 Land Purchase 2	243,572.24	0.00	243,572.24
1.80.200 Furniture & Equipment	250,315.09	388.00	250,703.09
1930 Furniture & Equipment	250,315.09		
AJE10 To capitalize fixed assets		4,588.00	
AJE11 To record asset disposals and record depreciation		(4,200.00)	
1930 Furniture & Equipment	250,315.09	388.00	250,703.09
1.80.900 Accumulated Depreciation	(918,818.00)	(62,033.00)	(980,851.00)
1915 Accumulated Depreciation	(918,818.00)		
AJE11 To record asset disposals and record depreciation		4,200.00	
AJE11 To record asset disposals and record depreciation		(66,233.00)	
1915 Accumulated Depreciation	(918,818.00)	(62,033.00)	(980,851.00)
1.80. Property & Equipment	2,470,657.72	(61,645.00)	2,409,012.72
1. Assets	3,644,570.25	(48,228.78)	3,596,341.47
2.10.100 Accounts Payable	(6,363.59)	(5,404.95)	(11,768.54)
2000 A/P-Contractors/Vendors	(5,745.42)		
AJE14 To record prepaid expense		(6,333.00)	
AJE15 To correct accounts payable		928.05	

West Neck Community Association, Inc.
Year End: December 31, 2021
Adjusted Trial Balance

ADJTB-2

Account	Prelim	Adj's	Rep
2000 A/P-Contractors/Vendors	(5,745.42)	(5,404.95)	(11,150.37)
2036 A/P-Community Group, Inc.	(50.00)	0.00	(50.00)
2037 A/P CGI Disclosures Fees	(117.30)	0.00	(117.30)
2050 Resident Refunds	(450.87)	0.00	(450.87)
2.10.500 Prepaid Assessments	(78,949.90)	0.00	(78,949.90)
2550 Prepaid Assessments	(78,949.90)	0.00	(78,949.90)
2.10.700 Deposits	0.00	(1,075.00)	(1,075.00)
2099 Prepaid Rental Deposits	0.00		
AJE07 To record prepaid rental deposits		(1,075.00)	
2099 Prepaid Rental Deposits	0.00	(1,075.00)	(1,075.00)
2.20.100 Notes Payable	(949,985.57)	0.00	(949,985.57)
2801 A/P Towne Bank Loan	(949,985.57)	0.00	(949,985.57)
2.20.200 Loan Fees	15,441.99	0.00	15,441.99
1735 Loan Fees	15,441.99	0.00	15,441.99
2.20.290 Accumulated Loan Fee Amortization	0.00	(1,102.98)	(1,102.98)
1985 Accumulated Amortization	0.00		
AJE08 To record amortization expense		(1,102.98)	
1985 Accumulated Amortization	0.00	(1,102.98)	(1,102.98)
2. Liabilities	(1,019,857.07)	(7,582.93)	(1,027,440.00)
3.10.100 Undesignated Equity	(1,602,918.79)	137,244.91	(1,465,673.88)
3000 Members Equity	(166,339.79)		
AJE01 To reclass reserve transfers		70,722.44	
AJE02 To reverse PY accruals		4,283.00	
AJE03 To reclass expenses and income posted toequity		62,495.84	
AJE04 To correct PY AJE given to client		(1,754.62)	
AJE12 To record AJE not given to mgmt		1,498.23	
AJE13 To correct opening balances		0.02	
3000 Members Equity	(166,339.79)	137,244.91	(29,094.88)
3005 Members-Equity-Property&Equipment	(1,436,579.00)	0.00	(1,436,579.00)
3.10.200 Replacement Reserves	(709,256.79)	0.00	(709,256.79)
3102 Res-Replacement	(200,135.22)	0.00	(200,135.22)
3188 Res-Replacement Interest	(9,021.37)	0.00	(9,021.37)
3212 Res-VH&P fixed Assets	(422,060.85)	0.00	(422,060.85)
3900 Res-Capital improvement	(78,039.35)	0.00	(78,039.35)
3.10.300 Operating Reserves	(277,609.83)	0.00	(277,609.83)
3015 Res-Insurance Deductable & Risk Mgt.	(102,505.13)	0.00	(102,505.13)
3136 Res-Operating	(175,104.70)	0.00	(175,104.70)
3.10. Equity	(2,589,785.41)	137,244.91	(2,452,540.50)
3CE Current Earnings	(34,927.77)	(81,433.20)	(116,360.97)

West Neck Community Association, Inc.
Year End: December 31, 2021
Adjusted Trial Balance

ADJTB-3

Account	Prelim	Adj's	Rep
3TE Total Equity	(2,624,713.18)	55,811.71	(2,568,901.47)
3TL&E Total Liabilities & Equity	(3,644,570.25)	48,228.78	(3,596,341.47)
4.10.100 Member Assessments	(673,920.00)	0.00	(673,920.00)
4000 Assessments	(673,920.00)	0.00	(673,920.00)
4.10.155 Pool Membership	(52,040.00)	0.00	(52,040.00)
4250 Pool Memberships	(52,040.00)	0.00	(52,040.00)
4.10.450 Late & Legal Fees	(2,170.00)	665.31	(1,504.69)
4700 Collection Processing Fees	160.00	0.00	160.00
4710 Late Charges	(2,330.00)		
AJE03 To reclass expenses and income posted toequity		665.31	
4710 Late Charges	(2,330.00)	665.31	(1,664.69)
4.10.550 Rental Income	464.00	(5,125.00)	(4,661.00)
4400 Rental Income VH&P	464.00		
AJE02 To reverse PY accruals		(4,700.00)	
AJE07 To record prepaid rental deposits		1,075.00	
AJE12 To record AJE not given to mgmt		(1,500.00)	
4400 Rental Income VH&P	464.00	(5,125.00)	(4,661.00)
4.10.650 Interest Income	(7,882.42)	(2,965.85)	(10,848.27)
4910 Interest & Dividend Inc	(7,882.42)		
AJE04 To correct PY AJE given to client		1,754.62	
AJE05 To record additional interest income		(4,722.22)	
AJE12 To record AJE not given to mgmt		1.77	
AJE13 To correct opening balances		(0.02)	
4910 Interest & Dividend Inc	(7,882.42)	(2,965.85)	(10,848.27)
4.10.800 Other Income	(3,600.00)	0.00	(3,600.00)
4835 Miscellaneous Income	(3,600.00)	0.00	(3,600.00)
4.10. Revenues	(739,148.42)	(7,425.54)	(746,573.96)
6.10.100 Accounting	9,179.00	0.00	9,179.00
7000 Accounting/Audit	9,179.00	0.00	9,179.00
6.10.200 Depreciation & Amortization	0.00	66,233.00	66,233.00
8010 Depreciation	0.00		
AJE11 To record asset disposals and record depreciation		66,233.00	
8010 Depreciation	0.00	66,233.00	66,233.00
6.10.220 Dues & Education	572.60	0.00	572.60
5020 Education/Training	210.00	0.00	210.00
5030 Learning Committee	67.60	0.00	67.60
5045 Dues & Subscriptions	295.00	0.00	295.00
6.10.240 Electric	1,196.00	0.00	1,196.00

West Neck Community Association, Inc.
Year End: December 31, 2021
Adjusted Trial Balance

ADJTB-4

Account	Prelim	Adj's	Rep
6000 Electricity	1,196.00	0.00	1,196.00
6.10.340 General Repairs & Maint	5,912.80	0.00	5,912.80
6515 General Maint & Rep	5,912.80	0.00	5,912.80
6.10.360 Grounds Improvements & Maintenance	5,393.00	20,905.00	26,298.00
6199 Grounds Improve & Repair	3,803.00		
AJE09 To reclass expense		20,905.00	
6199 Grounds Improve & Repair	3,803.00	20,905.00	24,708.00
6585 Lake Maintenance	1,590.00	0.00	1,590.00
6.10.380 Income Taxes	2,712.00	(1,944.00)	768.00
9000 Income Taxes	2,712.00		
AJE02 To reverse PY accruals		(582.00)	
AJE16 To record income taxes		(1,362.00)	
9000 Income Taxes	2,712.00	(1,944.00)	768.00
6.10.400 Insurance	18,223.41	0.00	18,223.41
5400 Insurance	18,223.41		
AJE02 To reverse PY accruals		999.00	
AJE06 To record prepaid insurance		(999.00)	
5400 Insurance	18,223.41	0.00	18,223.41
6.10.420 Interest	156,558.34	(106,809.70)	49,748.64
5060 Mortgage/Interest Payments VH&P	67,767.53		
AJE03 To reclass expenses and income posted toequity		(107,912.68)	
AJE17 To reclass amortization of loan fees.		(6,606.46)	
5060 Mortgage/Interest Payments VH&P	67,767.53	(114,519.14)	(46,751.61)
5061 Land Loan Payments 1	13,996.04	0.00	13,996.04
5062 Land Loan Payment 2	6,842.52	0.00	6,842.52
5063 A/P - Towne Bank Loan	67,952.25	0.00	67,952.25
8000 Amortization	0.00		
AJE08 To record amortization expense		1,102.98	
AJE17 To reclass amortization of loan fees.		6,606.46	
8000 Amortization	0.00	7,709.44	7,709.44
6.10.440 Irrigation Maintenance	2,594.08	29,490.00	32,084.08
6200 Irrigation Maintenance	2,594.08		
AJE03 To reclass expenses and income posted toequity		29,490.00	
6200 Irrigation Maintenance	2,594.08	29,490.00	32,084.08
6.10.500 Lawn Maintenance	145,717.37	(20,906.80)	124,810.57
6100 Landscape Maintenance	145,717.37		
AJE09 To reclass expense		(20,905.00)	
AJE15 To correct accounts payable		(1.80)	
6100 Landscape Maintenance	145,717.37	(20,906.80)	124,810.57

West Neck Community Association, Inc.
Year End: December 31, 2021
Adjusted Trial Balance

ADJT5

Account	Prelim	Adj's	Rep
6.10.520 Legal	14,439.75	0.00	14,439.75
7020 Legal	14,439.75	0.00	14,439.75
6.10.540 Management	68,196.00	0.00	68,196.00
7040 Management Associa	68,196.00	0.00	68,196.00
6.10.580 Miscellaneous	2,856.43	0.00	2,856.43
5000 Other Administrative	1,523.81	0.00	1,523.81
5025 Credit card Processing Fees	5.80	0.00	5.80
5027 Marketing Committee	1,171.82	0.00	1,171.82
6300 Corporate Fees	155.00	0.00	155.00
6.10.660 Postage	5,125.22	0.00	5,125.22
5215 Postage/Distribution	5,125.22	0.00	5,125.22
6.10.700 Printing	14,950.68	0.00	14,950.68
5210 Printing	14,950.68	0.00	14,950.68
6.10.750 Reserve Expenses	0.00	10,673.53	10,673.53
9999 Reserve Expenses	0.00		
AJE03 To reclass expenses and income posted toequity		15,261.53	
AJE10 To capitalize fixed assets		(4,588.00)	
9999 Reserve Expenses	0.00	10,673.53	10,673.53
6.10.820 Social Activities	2,889.21	0.00	2,889.21
5200 Social Expense	2,889.21	0.00	2,889.21
6.10.945 VH&P Administrative	11,048.34	0.00	11,048.34
5075 Event Rental Materials VH&P	186.30	0.00	186.30
5085 Event Rental Marketing & Admin	3,000.00	0.00	3,000.00
5090 Office Supplies/Printing VH&P	2,799.95	0.00	2,799.95
5195 VH&P Supplies	2,461.63	0.00	2,461.63
6430 Other Admin VH&P	2,600.46	0.00	2,600.46
6.10.950 VH&P Maintenance	53,741.29	(926.25)	52,815.04
6035 Refuse Removal VH&P	2,281.28	0.00	2,281.28
6440 Alarm Maint & Monitoring VH&P	765.40	0.00	765.40
6530 General Maint/Rprs VH&P	17,016.50	0.00	17,016.50
6635 Janitorial & Supplies VH&P	12,167.56		
AJE15 To correct accounts payable		(926.25)	
6635 Janitorial & Supplies VH&P	12,167.56	(926.25)	11,241.31
6700 Pool Service VH&P	21,510.55	0.00	21,510.55
6.10.955 VH&P Payroll Expenses	88,645.88	0.00	88,645.88
5095 Payroll Proc. Expenses	2,199.25	0.00	2,199.25
5300 Salaries & Wages VH&P	38,446.63	0.00	38,446.63
7095 VH&P Management	48,000.00	0.00	48,000.00
6.10.956 VH&P Utilities	23,546.81	0.00	23,546.81
6050 Telephone/Cable/Internet/Satellite Radio	6,800.19	0.00	6,800.19
6406 VH&P Utilities	16,746.62	0.00	16,746.62

West Neck Community Association, Inc.
Year End: December 31, 2021
Adjusted Trial Balance

ADJTb-6

Account	Prelim	Adj's	Rep
6.10.990 Reserve Transfers	70,722.44	(70,722.44)	0.00
9800 Replacement Reserve	17,736.00		
AJE01 To reclass reserve transfers		(17,736.00)	
9800 Replacement Reserve	17,736.00	(17,736.00)	0.00
9802 VH&P-Fixed Assets Reserve	35,640.00		
AJE01 To reclass reserve transfers		(35,640.00)	
9802 VH&P-Fixed Assets Reserve	35,640.00	(35,640.00)	0.00
9908 Capital Improvement Reserves	9,464.00		
AJE01 To reclass reserve transfers		(9,464.00)	
9908 Capital Improvement Reserves	9,464.00	(9,464.00)	0.00
9964 Replacement Interest	7,882.44		
AJE01 To reclass reserve transfers		(7,882.44)	
9964 Replacement Interest	7,882.44	(7,882.44)	0.00
6.10. Expenses	704,220.65	(74,007.66)	630,212.99
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss)	34,927.77		116,360.97

Tax Asset Detail 1/01/21 - 12/31/21

FYE: 12/31/2021

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Buildings												
3		Building	6/01/09	2,221,283	0	0	657,412	56,956	714,368	1,506,915	S/L	39.0
43		Pergola	6/30/14	63,102	0	0	27,344	4,207	31,551	31,551	S/L	15.00
Buildings				<u>2,284,385</u>	<u>0c</u>	<u>0</u>	<u>684,756</u>	<u>61,163</u>	<u>745,919</u>	<u>1,538,466</u>		
Group: Furniture and Fixtures												
1		20 Tables 18"	11/19/08	1,063	0	0	1,063	0	1,063	0	S/L	7.0
4		Fitness Equipment	6/22/09	60,473	0	0	60,473	0	60,473	0	S/L	7.0
5		Mirrors-Fitness Center	5/27/09	1,162	0	0	1,162	0	1,162	0	S/L	7.0
7		Frames	5/27/09	534	0	0	534	0	534	0	S/L	7.0
8		Computer Equipment	5/27/09	3,531	0	0	3,531	0	3,531	0	S/L	5.0
9		2 Sofas	6/12/09	1,989	0	0	1,989	0	1,989	0	S/L	7.0
10		Furniture-Esprit Decor	6/01/09	8,795	0	0	8,795	0	8,795	0	S/L	7.0
11		Artwork & Decor	9/17/09	1,139	0	0	1,139	0	1,139	0	S/L	7.0
12		Cleaning Stations	4/30/09	966	0	0	966	0	966	0	S/L	7.0
13		Window Treatments	7/27/09	10,324	0	0	10,324	0	10,324	0	S/L	7.0
14		Furniture & Decor	7/13/09	3,602	0	0	3,602	0	3,602	0	S/L	7.0
16		Dance Floor	9/18/09	1,668	0	0	1,668	0	1,668	0	S/L	7.0
17		PC Workstation	5/13/09	1,553	0	0	1,553	0	1,553	0	S/L	5.0
18		Pool Cover	11/05/09	6,789	0	0	6,789	0	6,789	0	S/L	7.0
20		Bookcases & Lockers	9/01/09	2,145	0	0	2,145	0	2,145	0	S/L	7.0
21		Tables for Meeting Room	4/30/09	4,368	0	0	4,368	0	4,368	0	S/L	7.0
22		Flatware	5/27/09	1,257	0	0	1,257	0	1,257	0	S/L	7.0
23		Mirrors/Sconces-Bathroom	9/23/09	787	0	0	787	0	787	0	S/L	7.0
24		Patio Furniture	11/19/09	3,480	0	0	3,480	0	3,480	0	S/L	7.0
25		Dishwasher	4/30/09	764	0	0	764	0	764	0	S/L	7.0
26		Mega Furniture	6/14/09	49,777	0	0	49,777	0	49,777	0	S/L	7.0
27		Phone System	5/27/09	4,170	0	0	4,170	0	4,170	0	S/L	7.0
29		Furniture & Podium	4/30/09	4,165	0	0	4,165	0	4,165	0	S/L	7.0
30		Picnic Tables & Signs	6/04/09	1,833	0	0	1,833	0	1,833	0	S/L	7.0
31		Kitchen Appliances	2/14/09	14,083	0	0	14,083	0	14,083	0	S/L	7.0
32		Defibrillator	5/27/09	1,400	0	0	1,400	0	1,400	0	S/L	7.0
33		Village Hall Sump Pumps (4)	3/08/12	3,340	0	0	3,340	0	3,340	0	S/L	7.0
34		Bookcase (custom build-Jim Dyckn	2/07/12	3,474	0	0	3,474	0	3,474	0	S/L	7.0
35	d	Pool Heat Pump (replacement)	5/18/12	4,200	0	0	4,200	0	4,200	0	S/L	7.0
36		Pool Furniture - 2 tables w/umbrella	9/27/12	2,335	0	0	2,335	0	2,335	0	S/L	7.0
38		Pool Circulating Pump	1/17/13	935	0	0	935	0	935	0	S/L	7.0
39		Chairs Folding White-150	1/24/14	5,451	0	0	5,061	390	5,451	0	S/L	7.0
40		Blinds Everwood -6	2/04/14	1,565	0	0	1,454	111	1,565	0	S/L	7.0
41		Freezer	3/26/14	1,123	0	0	1,043	80	1,123	0	S/L	7.0
45		Dance Floor	8/26/15	1,602	0	0	1,602	0	1,602	0	S/L	5.0
52		Pool Resin Tables (11) 7 of 11	3/21/13	140	0	0	140	0	140	0	S/L	7.0
53		Pool Resin Tables (11) 8 of 11	3/21/13	140	0	0	140	0	140	0	S/L	7.0
54		Pool Resin Tables (11) 9 of 11	3/21/13	140	0	0	140	0	140	0	S/L	7.0
55		Pool Resin Tables (11) 10 of 11	3/21/13	140	0	0	140	0	140	0	S/L	7.0
56		Pool Resin Tables (11) 11 of 11	3/21/13	140	0	0	140	0	140	0	S/L	7.0
57		P-3-Nat Black Grill	6/24/16	1,390	0	0	1,251	139	1,390	0	S/L	5.0
58		4 Alante Pool Chaise Lounges	5/17/16	1,346	0	0	865	192	1,057	289	S/L	7.0

Tax Asset Detail 1/01/21 - 12/31/21

FYE: 12/31/2021

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Furniture and Fixtures (continued)												
61		7 Alante Pool Sling Chairs	4/14/16	1,245	0	0	845	178	1,023	222	S/L	7.00
62		Fiberlite Umbrella & Base 7.5'	4/14/16	393	0	0	267	56	323	70	S/L	7.00
63		Aluminum Top Dining Table	4/14/16	362	0	0	246	51	297	65	S/L	7.00
65		2 Sling Chairs	11/19/08	394	0	197	394	0	394	0	S/L	7.0
66		34 Dining Chairs	11/19/08	3,864	0	0	3,864	0	3,864	0	S/L	7.0
68		2 Pool Tables w/o Holes	11/19/08	282	0	0	282	0	282	0	S/L	7.0
69		5 Pool Tables w/ Holes	11/19/08	706	0	0	706	0	706	0	S/L	7.0
70		5 Umbrella Bases	11/19/08	152	0	0	152	0	152	0	S/L	7.0
71		5 Umbrellas 7.5'	11/19/08	1,092	0	0	1,092	0	1,092	0	S/L	7.0
73		8 Sling Chairs for Pool	1/09/18	1,514	0	0	541	216	757	757	S/L	7.0
74		10 Lounge Chairs for Pool	3/19/18	3,054	0	0	1,091	436	1,527	1,527	S/L	7.0
75		5 Lounge Chairs for Pool	6/27/18	1,678	0	0	599	240	839	839	S/L	7.0
76		TVs, 75" UHD TV, 2 43" UHD TV:	3/11/18	2,778	0	0	1,389	556	1,945	833	S/L	5.0
77		HP Pavillion Elite PC & Componen	3/26/18	1,454	0	0	727	291	1,018	436	S/L	5.0
78		HD15-BSO33CL Laptop	5/14/18	424	0	0	212	85	297	127	S/L	5.0
79		2 Integrity DX Recumbent Bikes	10/15/18	6,965	0	0	2,488	995	3,483	3,482	S/L	7.0
81		2 Large Umbrellas and Bases	3/03/19	1,210	0	0	259	173	432	778	S/L	7.0
82		X-Ride Recumbent Bike	3/28/19	1,000	0	0	300	200	500	500	S/L	5.0
83		2 Loung Chairs, 2 Tables, 2 umbrell	6/30/19	2,471	0	0	530	353	883	1,588	S/L	7.0
84		Pool heat pump	8/09/21	4,588	0c	0	0	328	328	4,260	S/L	7.0
		Furniture and Fixtures		254,904	0c	197	234,061	5,070	239,131	15,773		
		*Less: Dispositions and Transfers		4,200	0	0	4,200	0	4,200	0		
		Net Furniture and Fixtures		<u>250,704</u>	<u>0c</u>	<u>197</u>	<u>229,861</u>	<u>5,070</u>	<u>234,931</u>	<u>15,773</u>		
Group: Land												
2		Land	2/16/07	247,776	0	0	0	0	0	247,776	Land	0.00
42		Land	8/07/14	363,428	0	0	0	0	0	363,428	Land	0.00
44		Land	7/21/15	243,572	0	0	0	0	0	243,572	Land	0.00
		Land		<u>854,776</u>	<u>0c</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>854,776</u>		
		Grand Total		3,394,065	0c	197	918,817	66,233	985,050	2,409,015		
		Less: Dispositions and Transfers		4,200	0	0	4,200	0	4,200	0		
		Net Grand Total		<u>3,389,865</u>	<u>0c</u>	<u>197</u>	<u>914,617</u>	<u>66,233</u>	<u>980,850</u>	<u>2,409,015</u>		