

**WEST NECK
COMMUNITY ASSOCIATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2023



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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, 2023, 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 29, 2024

DeoRoches & Company

WEST NECK COMMUNITY ASSOCIATION, INC.

BALANCE SHEET

December 31, 2023

	Operating Fund	Insurance/ Risk Mgmt Fund	Replacement Fund	Capital Improvement Fund	Total
Assets					
Cash and cash equivalents	\$ 111,430	\$ 3,115	\$ 95,378	\$ 82,185	\$ 292,108
Assessments receivable, net of allowance for credit loss of \$4,600	25,976	0	0	0	25,976
Investments	100,000	104,000	610,000	0	814,000
Prepaid expenses	5,756	0	0	0	5,756
Accrued interest receivable	376	1,325	2,251	0	3,952
Property and equipment, net	2,291,488	0	0	0	2,291,488
Total assets	\$ 2,535,026	\$ 108,440	\$ 707,629	\$ 82,185	\$ 3,433,280
Liabilities and Fund Balances					
Accounts payable	\$ 76,354	\$ 0	\$ 0	\$ 0	\$ 76,354
Income taxes payable	8,006	0	0	0	8,006
Prepaid rental income	1,650	0	0	0	1,650
Prepaid assessments	56,642	0	0	0	56,642
Note payable, net of unamortized debt costs of \$9,927	675,778	0	0	0	675,778
Total liabilities	818,430	0	0	0	818,430
Fund balances	1,716,596	108,440	707,629	82,185	2,614,850
Total liabilities and fund balances	\$ 2,535,026	\$ 108,440	\$ 707,629	\$ 82,185	\$ 3,433,280

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, 2023

	Operating Fund	Insurance/ Risk Mgmt Fund	Replacement Fund	Capital Improvement Fund	Total
Revenues:					
Member assessments	\$ 691,813	\$ 0	\$ 38,267	\$ 0	\$ 730,080
Pool memberships	60,550	0	0	0	60,550
Interest income	6,744	4,359	30,862	2,973	44,938
Rental income	19,080	0	0	0	19,080
Late and legal fees	5,835	0	0	0	5,835
Total revenues	784,022	4,359	69,129	2,973	860,483
Expenses:					
Accounting	9,663	0	0	0	9,663
Dues and education	1,003	0	0	0	1,003
Electric	7,453	0	0	0	7,453
Fountain and lake maintenance	6,669	0	0	0	6,669
General repairs and maintenance	12,989	0	1,186	0	14,175
Grounds maintenance	40,277	0	0	0	40,277
Income taxes	9,225	0	0	0	9,225
Insurance	28,108	0	0	0	28,108
Interest	30,677	0	0	0	30,677
Irrigation maintenance	46,840	0	0	0	46,840
Lawn maintenance	143,946	0	0	0	143,946
Legal	96,887	0	0	0	96,887
Loss on asset disposal	433	0	0	0	433
Management	68,871	0	0	0	68,871
Miscellaneous	8,691	0	34	0	8,725
Postage	6,030	0	0	0	6,030
Printing	15,575	0	0	0	15,575
Social activities	5,257	0	0	0	5,257
Village Hall - administrative	13,495	0	0	0	13,495
Village Hall - maintenance	56,878	0	3,474	5,203	65,555
Village Hall - payroll expenses	114,941	0	0	0	114,941
Village Hall - utilities	28,561	0	0	0	28,561
Total expenses	752,469	0	4,694	5,203	762,366
Excess (deficit) revenues over expenses before depreciation	31,553	4,359	64,435	(2,230)	98,117
Less: depreciation	66,532	0	0	0	66,532
Excess (deficit) revenues over expenses	\$ (34,979)	\$ 4,359	\$ 64,435	\$ (2,230)	\$ 31,585

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, 2023

	<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, reclassified	\$ 1,747,366	104,081	652,608	79,210	\$ 2,583,265
Excess (deficit) revenues over expenses	(34,979)	4,359	64,435	(2,230)	31,585
Purchase of property and equipment	9,414	0	(9,414)	0	0
Interfund transfers	<u>(5,205)</u>	<u>0</u>	<u>0</u>	<u>5,205</u>	<u>0</u>
Fund balances - end of year	<u>\$ 1,716,596</u>	<u>\$ 108,440</u>	<u>\$ 707,629</u>	<u>\$ 82,185</u>	<u>\$ 2,614,850</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, 2023

	Operating Fund	Insurance/ Risk Mgmt Fund	Replacement Fund	Capital Improvement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess (deficit) revenues over expenses	\$ (34,979)	\$ 4,359	\$ 64,435	\$ (2,230)	\$ 31,585
Adjustments to reconcile excess (deficit) revenues over expenses to net cash flow from operating activities:					
Depreciation and amortization	68,738	0	0	0	68,738
Loss on sale of asset	433	0	0	0	433
Changes in operating assets and liabilities:					
(Increase) decrease in operating assets:					
Assessments receivable	(10,633)	0	0	0	(10,633)
Prepaid expenses	6,012	0	0	0	6,012
Accrued interest receivable	(376)	(1,325)	(2,251)	0	(3,952)
Increase (decrease) in operating liabilities:					
Accounts payable	43,853	0	(17,062)	0	26,791
Income taxes payable	7,425	0	0	0	7,425
Prepaid rental income	(6,375)	0	0	0	(6,375)
Prepaid assessments	687	0	0	0	687
Net cash flow from operating activities	74,785	3,034	45,122	(2,230)	120,711
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	0	0	(9,414)	0	(9,414)
Sale and maturity of investments	0	0	100,000	0	100,000
Purchase of investments	(100,000)	(104,000)	(210,000)	0	(414,000)
Net cash flow from investing activities	(100,000)	(104,000)	(119,414)	0	(323,414)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal payments on note payable	(134,615)	0	0	0	(134,615)
Interfund transfers	3,975	0	(9,180)	5,205	0
Net cash flow from financing activities	(130,640)	0	(9,180)	5,205	(134,615)
Increase (decrease) in cash and cash equivalents	(155,855)	(100,966)	(83,472)	2,975	(337,318)
Cash and cash equivalents at beginning of year	267,285	104,081	178,850	79,210	629,426
Cash and cash equivalents at end of year	\$ 111,430	\$ 3,115	\$ 95,378	\$ 82,185	\$ 292,108

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:

Income taxes	\$ 1,800	\$ 0	\$ 0	\$ 0	\$ 1,800
Interest	\$ 28,471	\$ 0	\$ 0	\$ 0	\$ 28,471

See notes to financial statements and independent auditors' report.

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

[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 2023 budget reserve requirements. The Association retains excess assessments at the end of the year, if any, for use in future periods.

New Accounting Standard – Allowance for Credit Losses The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires the Association to measure expected credit losses for financial assets at their estimated net realizable value based on historical experience,

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

current conditions, and reasonable and supportable forecasts. Topic 326 became effective for the Association for years beginning after December 15, 2022. The Association adopted the new guidance as of January 1, 2023, using the modified retrospective method which did not result in any change to fund balances at January 1, 2023.

Allowance for Credit Losses The Association treats uncollectible assessments as credit losses. The estimate of expected credit losses considers historical loss information adjusted for current conditions and reasonable, supportable forecasts that affect the collectability of the reported amount.

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.

Investments – Debt Securities The Association's debt investments are classified as "available for sale" and are reported at fair market value. The fair values of the investments were determined using Level 2 inputs which are based on significant observable market inputs, such as quoted market prices for similar securities and quoted prices in inactive markets. Unrealized gains and losses related to changes in fair market value are reported in other comprehensive income. Realized gains and losses, determined using the specific identification method, are recorded in the statement of revenues, expenses, and comprehensive income when incurred.

Debt Issuance Costs Debt issuance costs are reflected as a reduction of the reported note 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

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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 \$8,025 and \$1,650 as of the beginning and end of the year, respectively.

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.

Reclassification Certain reclassifications have been made to the 2022 financial statements in order for them to conform to the 2023 presentation. Such reclassifications had no effect on the excess of revenues over expenses as previously reported.

[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 and 2015, the Association purchased undeveloped land totaling approximately 10.9 acres. The Association intends to retain the land as green space.

As of December 31, 2023, property and equipment consists of the following:

Land	\$ 854,777
Village Hall and pool	2,284,385
Furniture and equipment	<u>262,755</u>
	3,401,917
Less: accumulated depreciation	<u>(1,110,429)</u>
	<u>\$ 2,291,488</u>

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

[3] **NOTE PAYABLE**

During 2021, the Association obtained a loan from Towne Bank in the amount of \$1,002,500. The loan consolidated three previous loans which had financed the construction of the Village Hall and pool and purchases of land. 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.

Scheduled principal reductions at December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 139,682
2025	145,083
2026	150,620
2027	156,369
Thereafter	<u>93,951</u>
	<u>\$ 685,705</u>

The note payable is being presented on the balance sheet net of unamortized debt issuance costs of \$9,927 as of December 31, 2023.

[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 2022, 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. The table included in the unaudited supplementary information of future major repairs and replacements is based on this study.

The Board of Directors is funding for major repairs and replacements over the remaining useful lives of the components based in part on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the Association has included a replacement fund contribution of \$31,888 in the 2024 budget and anticipated replacement fund investment earnings of \$36,000.

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

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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.

[5] INCOME TAXES

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2023, the Association was taxed as a regular corporation. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its nonmembership income, such as interest earnings and rental income. Net nonmembership income is taxed at 21% by the federal government and 6% by the Commonwealth of Virginia. Accordingly, an income tax provision of \$9,225 has been made for the year ended December 31, 2023.

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, 2023, 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 2020.

[6] INVESTMENTS

The Association's investments consist of brokered certificates of deposit. As of December 31, 2023, the investment fair market values approximated cost. As a result, there was no recorded unrealized gain or loss at the end of the year.

The certificates of deposit have the following contractual maturities:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2024	\$ 300,000
2025	155,000
2026	255,000
2028	<u>104,000</u>
Total	<u>\$ 814,000</u>

WEST NECK COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

[7] LAWSUIT

The Association is currently involved in litigation relating to the neighboring property that was previously home to The Signature at West Neck golf course. The cases include West Neck Community Association, Inc. v. JBWK, LLC, filed in February 2022 and the related Counterclaim filed in November 2022. WC Capital, LLC is the subsequent owner of the golf course property and JBWK, LLC is the alleged successor in interest by merger with WC Capital, LLC. In the first case, the Association alleges that WC Capital, LLC hasn't maintained the property's landscaping in accordance with the Association's Declaration of Covenants, Conditions and Restrictions and did not obtain approval before erecting a fence and operating a tree farm on the property as required by the Declaration. The suit requests \$900 in potential fines and seeks injunctive relief from the court regarding these issues. In the Counterclaim, JBWK, LLC seeks a declaration from the court that they have Declarant rights, and therefore, are not subject to enforcement actions by the Association, are entitled to plant trees on the property and are otherwise free from any restrictions which the Association may wish to impose on the property. JBWK, LLC is also seeking an injunction prohibiting the Association from entering the property without their permission or interfering with its rights with respect to the property. Both parties filed Motions for Summary Judgement, however both motions were denied. The Court has ordered both parties to file renewed Motions. The case has not been set for trial. The Association anticipates incurring significant legal fees related to the case.

[8] SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date that the financial statements were available to be issued, April 29, 2024.

SUPPLEMENTARY INFORMATION

WEST NECK COMMUNITY ASSOCIATION, INC.

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2023

Unaudited

During 2022, 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 10, 2022.

<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	0-5 years	\$ 56,811
Flag pole	30 years	3,770
Lighting - signage, flag pole, and bollard	0-23 years	18,964
Signage, Village Hall, granite, refurbish	180 years	2,500
Signage, directional, refurbish	0 years	1,188
Signage, directional, replace	10 years	5,376
Brick entry piers and monuments, repoint (10%)	1-14 years	6,063
Signage entrance, granite, refurbish	1 year	2,490
Precast caps (partial allowance)	11 years	1,036
Fence, alum. picket	15 years	13,184
Signage and brick monument, Rosecrest, refurbish and repoint	1 year	2,886
Signage and brick monument, Carrolton, refurbish and repoint	14 years	2,886
Signage and brick monument, neighborhoods, refurbish and repoint	1 year	9,534
Brick planters, traffic circle, repoint (10%)	1 year	1,986
Site Components - Concrete and Site Furnishings		
Concrete curb (6%), sidewalk (6%), and trash pad	0-11 years	12,608
Benches, steel, refurbish	5 years	4,275
Benches, steel, replace	20 years	13,410
Arch structures, refurbish	0 years	2,905
Arch structures, replace	20 years	7,455
Sculpture, dolphin, refurbish	0 years	1,240
Tree replacement allowance	8 years	15,000
Irrigation, controller, lateral, and head allowance	2 years	7,590

WEST NECK COMMUNITY ASSOCIATION, INC.

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2023

Unaudited

<u>Component</u>	<u>Estimated Remaining Useful Life</u>	<u>Current Replacement Cost</u>
Site Components - Ponds and Fountains		
Dredging, ponds A, BCC, and F	3 years	344,820
Fountain, pond A and BCC	0-5 years	4,300
Aerators, air compressor, and hoses	8 years	5,385
Site Components - Ceremony Garden		
Concrete paver walk, reset (partial)	10 years	764
Walkway paver set lighting	5 years	6,870
Retaining wall and pergola structure	20 years	8,015
Pergola lighting	5 years	660
Arbor, 4'x6'	10 years	1,450
Site Components - Stormwater		
Stormwater pipe (10%), drop inlet and curb inlet (partial)	8 years	14,623
Guardhouse		
Building exterior and roofing	8-45 years	29,020
Paver, brick, reset	28 years	5,173
Floodlights	15 years	996
Cupola and clockworks	38 years	6,100
Pool House Exterior		
Building exterior and roofing	15-25 years	15,868
Pavilion	5-40 years	12,650
Small and large trellis at pool	20 years	19,800
Village Hall Exterior		
Building exterior and roofing	10-30 years	103,344
Aluminum railings	5-35 years	6,291
Patio, concrete sealer	5 years	3,318
Patio, retractable awning	5 years	10,200
Brick steps, repoint allowance	6 years	2,200
Patio furniture allowance	6 years	4,200
Village Hall Interior		
Flooring	2-15 years	70,363
Dance floor panels allowance	7 years	5,190
Ceiling tiles	5-10 years	2,373
Restroom and kitchen allowance	15 years	39,668
Window treatment allowance	5 years	6,650
Office, library, and game room furniture allowance	6-10 years	41,850
Clubhouse tables	7-12 years	34,060
Chairs and chair cart	3-20 years	24,585

WEST NECK COMMUNITY ASSOCIATION, INC.

SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2023

Unaudited

<u>Component</u>	<u>Estimated Remaining Useful Life</u>	<u>Current Replacement Cost</u>
Warming cabinet, portable	5 years	3,870
Icemaker	1-14 years	2,890
Microwave and convection oven	0-5 years	1,598
Freezer, fridge, and dishwasher	1-7 years	11,060
Bus carts, portable bar, and gas grill	4-7 years	3,020
Village Hall Building Systems		
Dehumidifiers and sump pumps, crawl space	4-10 years	8,317
Heat pumps, air handlers, water heater and cooler	3-16 years	56,614
Toilets, urinal, and lavatory	11-16 years	9,109
Kitchen sink	16 years	918
Exit lighting	11 years	1,770
Fixtures, lights, and wall sconces	6-16 years	39,844
Exterior wall lights	6-19 years	4,670
Fire alarm, sound system and phone system	6-11 years	33,030
Recreation		
Swimming pool structure	46 years	176,843
Swimming pool, whitecoat, waterline, and lane tile	10 years	27,903
Swimming pool coping, stone	20 years	12,155
Swimming pool, lights	10 years	23,765
Pool cover, safety mesh	3 years	5,817
Pool deck, concrete (20%) and joint sealant	1-9 years	10,320
Pool fence, aluminum, 42"	9 years	13,542
Pool filtration, Triton II , TR-140	11 years	2,790
Pool pump	1-6 years	5,265
Pool heater and chemical feed	5-9 years	6,140
Pool furniture allowance	2-8 years	12,640
Site light, poles and fixtures	1-16 years	11,045
Fitness equipment	0-30 years	96,300
Auto defibrillator	12 years	1,665
Cubicle lockers and attendant desk	10 years	3,640
		<u><u>\$ 1,610,483</u></u>

The Association's 2024 minimum recommended annual reserve contribution as stated in the reserve study totals \$62,917.