

**DRUM POINT VILLAGE WEST  
CONDOMINIUM ASSOCIATION, INC.**

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**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

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**MARCH 31, 2024**



**DRUM POINT VILLAGE WEST  
CONDOMINIUM ASSOCIATION, INC.  
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MARCH 31, 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

To Those Charged with Governance and Unit Owners  
of Drum Point Village West Condominium Association, Inc.

### **Report on the Audit of the Financial Statements**

#### **Opinion**

I have audited the accompanying financial statements of Drum Point Village West Condominium Association, Inc. which comprise the balance sheet as of March 31, 2024 and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended as well as the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Drum Point Village West Condominium Association, Inc. as of March 31, 2024 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**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Drum Point Village West Condominium Association, Inc. and to meet other ethical responsibilities in accordance with the ethical requirements relevant to my audit. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsibilities of The Board and Management for the Financial Statements**

The Board and Management are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; these include 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 Drum Point Village West Condominium Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My 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 my 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, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 controls 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 Drum Point Village West Condominium Association, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Drum Point Village West Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and any internal control-related matters that I identified during the audit.

## **Report on Other Supplementary Information**

My audit was conducted for the purpose of forming an opinion of the basic financial statements taken as a whole. The supplementary information shown on pages 11-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been summarized from Association records and, unless labeled otherwise, has been subjected to the audit procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Matter**

Management has omitted the supplementary information on future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion on the basic financial statements is not affected by the missing information.

**Emphasis of Matter**

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. I have not applied procedures to determine whether the funds designated for future major repairs and replacements are adequate to meet future costs because that determination is outside the scope of my audit. My opinion on the financial statements is not modified with respect to this matter.

*Ed Kwiatkowski, CPA*

Howell, New Jersey  
November 20, 2024

DRUM POINT VILLAGE WEST  
CONDOMINIUM ASSOCIATION, INC.  
BALANCE SHEET  
MARCH 31, 2024

ASSETS	<u>Total</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>
Cash and Cash Equivalents	\$ 411,105	\$ 29,957	\$ 381,148
Assessments Receivable, net of Allowance for Doubtful Accounts of \$23,649	3,624	3,624	-
Prepaid Insurance	18,768	18,768	-
Prepaid Expenses	9,333	-	9,333
Prepaid Federal Income Taxes	14	14	-
Interfund Balances	<u>-</u>	<u>47,628</u>	<u>(47,628)</u>
 Total Assets	 <u>\$ 442,844</u>	 <u>\$ 99,991</u>	 <u>\$ 342,853</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,363	\$ 2,363	\$ -
Assessments Received in Advance	<u>13,562</u>	<u>13,562</u>	<u>-</u>
 Total Liabilities	 15,925	 15,925	 -
 Fund Balances	 <u>426,919</u>	 <u>84,066</u>	 <u>342,853</u>
 Total Liabilities and Fund Balances	 <u>\$ 442,844</u>	 <u>\$ 99,991</u>	 <u>\$ 342,853</u>

See notes to financial statements.

DRUM POINT VILLAGE WEST  
 CONDOMINIUM ASSOCIATION, INC.  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED MARCH 31, 2024

	<u>Total</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>
REVENUES:			
Maintenance Assessments	\$ 233,700	\$ 168,920	\$ 64,780
Interest Income	11,673	-	11,673
Late Fees	1,435	1,435	-
Recovery of Bad Debts	2,179	2,179	-
Membership Fees	<u>2,000</u>	<u>2,000</u>	<u>-</u>
 Total Revenues	 <u>250,987</u>	 <u>174,534</u>	 <u>76,453</u>
EXPENSES:			
Administrative	64,100	64,100	-
General Maintenance	<u>96,492</u>	<u>96,492</u>	<u>-</u>
 Total Expenses	 <u>160,592</u>	 <u>160,592</u>	 <u>-</u>
 Excess of Revenues over Expenses	 90,395	 13,942	 76,453
 Fund Balances - Beginning of Year	 <u>336,524</u>	 <u>70,124</u>	 <u>266,400</u>
 Fund Balances - End of Year	 <u>\$ 426,919</u>	 <u>\$ 84,066</u>	 <u>\$ 342,853</u>

See notes to financial statements.

DRUM POINT VILLAGE WEST  
 CONDOMINIUM ASSOCIATION, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED MARCH 31, 2024

	<u>Total</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 90,395	\$ 13,942	\$ 76,453
Adjustments to reconcile excess of revenues over expenses to net cash provided by(used in) operating activities:			
Changes in assets and liabilities:			
(Increase) Decrease in:			
Assessments Receivable	(2,999)	(2,999)	-
Prepaid Insurance	(3,999)	(3,999)	-
Prepaid Federal Income Taxes	(14)	(14)	-
Prepaid Expenses	(8,883)	450	(9,333)
Interfund Balances	-	(17,628)	17,628
Increase (Decrease) in:			
Accounts Payable and Accrued Expenses	(16,260)	(9,986)	(6,274)
Deferred Snow Expense	(1,305)	(1,305)	-
Federal Income Taxes Payable	(401)	(401)	-
Assessments Received in Advance	(368)	(368)	-
	<u>56,166</u>	<u>(22,308)</u>	<u>78,474</u>
Net Cash Provided by(Used in) Operating Activities			
	<u>56,166</u>	<u>(22,308)</u>	<u>78,474</u>
Net Increase(Decrease) Cash and Cash Equivalents			
	<u>56,166</u>	<u>(22,308)</u>	<u>78,474</u>
Cash and Cash Equivalents - Beginning of Year	<u>354,939</u>	<u>52,265</u>	<u>302,674</u>
Cash and Cash Equivalents - End of Year	<u>\$ 411,105</u>	<u>\$ 29,957</u>	<u>\$ 381,148</u>
Supplemental Cash Flow Information:			
Taxes paid	<u>\$ -</u>		
Interest paid	<u>\$ -</u>		

See notes to financial statements.



DRUM POINT VILLAGE WEST  
CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024

**Note 1 - Nature of Organization**

Drum Point Village West Condominium Association, Inc., (the "Association") is a New Jersey corporation and is subject to the provisions of the Condominium Act of the State of New Jersey. The purpose of the Association is to provide for the preservation of the values and amenities of the community and for the maintenance of the common property. The Association consists of 95 residential units located in the Township of Brick, New Jersey and was incorporated on October 8, 1987.

**Note 2 - Date of Management's Review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 20, 2024, the date that the financial statements were available to be issued.

**Note 3 - Summary of Significant Accounting Policies**

**Fund Accounting**

The Association's legal documents provide certain guidelines to govern the Association's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association by such documents, the accounts are maintained in accordance with the principles of fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Trustees and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

The assets, liabilities and fund balances of the Association are reported in the following fund groups:

**Operating Fund**

Represents the portion of expendable funds that are available for the general operations of the Association; this consists of the cumulative surplus from operations.

**Replacement Fund**

To accumulate funds over the lives of capital assets which are part of the common elements and/or the Association's responsibility to replace so that sufficient amounts are available to pay for their eventual replacement.

**Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Association considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

DRUM POINT VILLAGE WEST  
CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024

**Note 3 - Summary of Significant Accounting Policies (Continued)**

**Assessments Receivable**

Association members are subject to monthly maintenance assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. Assessments receivable at the balance sheet date represent assessments due from unit owners. On a periodic basis, the Board and management evaluate the assessments receivable and establish an allowance for doubtful accounts, based on a history of past write-offs, collections and current legal status of past due accounts. No allowance for doubtful accounts was deemed necessary as of March 31, 2024.

The annual budget and assessments of owners are determined by those charge with governance. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

**Recognition of Assets**

The Association's property and common elements will be owned by the Association to the extent that they are not a part of the fee simple ownership of the individual units. The Association's common elements consist of buildings, sidewalks, roads, and open areas.

**Interest Earned**

The Board's policy is to allocate interest on all cash accounts to the respective fund in which it is earned.

**Recently Adopted Accounting Pronouncements**

In May 2014, The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate-Common Interest Realty Associations, Revenue Recognition which addressed industry-specific revenue standards solely for Common Interest Realty Associations (CIRAs). The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the new revenue standard, FASB has established that an entity shall account for a contract with a customer that is within the scope of Topic 606 only when all of the five specified criteria have been met.

The Association has not adopted the new revenue recognition standard as of March 31, 2024 as it does not meet the requirements of the criteria outlined in the revenue standard, and that historically established industry practice for recognizing revenues from regular assessments remains as Generally Accepted Accounting Principles (GAAP).

DRUM POINT VILLAGE WEST  
CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024

**Note 3 - Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

Accounting principles generally accepted in the United States of America require the evaluation of tax positions taken by the Association and recognize a liability if an uncertain position has been taken which, more likely than not, would not be sustained upon examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements as of March 31, 2024.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from these estimates.

**Note 4 - Future Major Repairs and Replacements**

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

The Association has not conducted a study to estimate the remaining useful lives and the replacement costs of the common property components. However, for the year ended March 31, 2024, the Association budgeted approximately 27.7% or \$64,780 of regular assessments for future major repairs and replacements. The amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Board has the right to increase regular assessments, levy special assessments or it may delay major repairs and replacements until funds are available.

**Note 5 - Income Taxes**

Under the Internal Revenue Code, associations may be taxed as condominium management associations or as regular corporations, at their election. The Association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and the Association is free to select either method in future years.

For the year ended March 31, 2024, the Association has elected to be taxed as a condominium management association. Income taxes of \$2,886 have been provided based on the excess of non-membership income over non-membership expenses.

DRUM POINT VILLAGE WEST  
CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024

**Note 5 - Income Taxes (Continued)**

The Association is incorporated pursuant to Title 15A-1 of the New Jersey Statutes and therefore, is not liable for New Jersey corporation business income tax.

Management and those charged with governance have evaluated the Association's income tax positions which may require adjustments to the financial statements. Generally, the Association is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for the years before 2021, which is the standard statute of limitations look-back period.

**Note 6 - Concentrations of Credit Risk**

Financial instruments which potentially subject the Association to significant concentrations of credit risk consist principally of cash, cash equivalents and assessments receivable.

Concentrations of credit risk with respect to assessments receivable are limited due to the large number of individuals comprising the membership of the Association.

The Association maintains cash and cash equivalents with various financial institutions which limits exposure to any one institution.

As of March 31, 2024, the Association had no significant concentrations of credit risk.

## **SUPPLEMENTARY INFORMATION**

DRUM POINT VILLAGE WEST  
 CONDOMINIUM ASSOCIATION, INC.  
 SCHEDULE OF REVENUES, OPERATING EXPENSES AND  
 ALLOCATIONS TO REPLACEMENT FUND AS COMPARED TO BUDGET  
 FOR THE YEAR ENDED MARCH 31, 2024

	<u>Actual</u>	(Unaudited) <u>Budget</u>
<b>REVENUES:</b>		
Maintenance Assessments	\$ 233,700	\$ 233,700
Interest Income	11,673	-
Late Fees	1,435	-
Recovery of Bad Debts	2,179	500
Membership Fees	2,000	1,000
Other Income	-	1,680
Prior Year Surplus	-	70,124
	<u>250,987</u>	<u>307,004</u>
<b>EXPENSES:</b>		
<b>ADMINISTRATIVE:</b>		
Bookkeeping	5,400	5,400
Insurance	52,061	46,715
Audit Fee	1,900	1,900
Legal Fees	463	1,500
Office Expenses	1,128	1,300
Federal Income Taxes	2,886	2,550
Bad Debt Expense	-	11,520
Telephone	228	212
Miscellaneous	34	432
	<u>64,100</u>	<u>71,529</u>
<b>GENERAL MAINTENANCE:</b>		
General Maintenance and Repair	7,517	26,500
Pest Control	15,601	13,000
Landscaping	60,304	75,000
Snow Clearing	9,038	48,695
Irrigation Maintenance and Repair	2,993	6,000
Electricity	1,039	1,500
	<u>96,492</u>	<u>170,695</u>

See independent auditors' report on the financial statements.

DRUM POINT VILLAGE WEST  
 CONDOMINIUM ASSOCIATION, INC.  
 SCHEDULE OF REVENUES, OPERATING EXPENSES AND  
 ALLOCATIONS TO REPLACEMENT FUND AS COMPARED TO BUDGET  
 FOR THE YEAR ENDED MARCH 31, 2024

	<u>Actual</u>	(Unaudited) <u>Budget</u>
EXPENSES: (Continued)		
REPLACEMENT FUND:		
Maintenance Assessments Allocated to Replacement Fund	64,780	64,780
Interest Income Allocated to Replacement Fund	<u>11,673</u>	<u>-</u>
 Total Allocations to Replacement Fund	 <u>76,453</u>	 <u>64,780</u>
 Total Expenses and Allocations to Replacement Fund	 <u>237,045</u>	 <u>307,004</u>
 Excess of Revenues over Expenses	 <u>\$ 13,942</u>	 <u>\$ -</u>

See independent auditors' report on the financial statements.