

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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

MARCH 31, 2025



**DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
TABLE OF CONTENTS
MARCH 31, 2025**

	Page
Independent Auditor's Report	1 - 3
Financial Statements:	
Balance Sheet	4
Statement of Revenues, Expenses and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10
Supplementary Information:	
Supplemental Information on Future Major Repairs and Replacements	11
Schedule of Revenues, Operating Expenses and Allocations to Replacement Fund as Compared to Budget	12 - 13



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, 2025 and the related statements of revenues, expenses and changes in fund balances(deficit) 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, 2025 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 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, 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, the board and management are 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 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, 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. Such information is the responsibility of the Association's board and management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 11 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. I 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 the Board and management about the methods of preparing the information and comparing the information for consistency with board and managements responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Ed Kwiatkowski, CPA.

Howell, New Jersey

July 11, 2025

DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
MARCH 31, 2025

	<u>Total</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 425,414	\$ 32,639	\$ 392,775
Assessments Receivable, net of Allowance for Credit Loss of \$23,038	1,060	1,060	-
Prepaid Insurance	21,514	21,514	-
Prepaid Expenses	8,637	8,637	-
Prepaid Federal Income Taxes	706	706	-
Interfund Balances	<u>-</u>	<u>(2,906)</u>	<u>2,906</u>
 Total Assets	 <u>\$ 457,331</u>	 <u>\$ 61,650</u>	 <u>\$ 395,681</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 2,902	\$ 2,902	\$ -
Assessments Received in Advance	<u>15,590</u>	<u>15,590</u>	<u>-</u>
 Total Liabilities	 18,492	 18,492	 -
 Fund Balances	 <u>438,839</u>	 <u>43,158</u>	 <u>395,681</u>
 Total Liabilities and Fund Balances	 <u>\$ 457,331</u>	 <u>\$ 61,650</u>	 <u>\$ 395,681</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, 2025

	<u>Total</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>
REVENUES:			
Maintenance Assessments	\$ 233,700	\$ 168,920	\$ 64,780
Interest Income	14,460	-	14,460
Late Fees	1,505	1,505	-
Recovery of Credit Loss	-	-	-
Membership Fees	<u>6,000</u>	<u>6,000</u>	<u>-</u>
 Total Revenues	 <u>255,665</u>	 <u>176,425</u>	 <u>79,240</u>
EXPENSES:			
Administrative	78,924	78,924	-
General Maintenance	138,409	138,409	-
Curbing and Paving	<u>26,412</u>	<u>-</u>	<u>26,412</u>
 Total Expenses	 <u>243,745</u>	 <u>217,333</u>	 <u>26,412</u>
 Excess(Deficiency) of Revenues over Expenses	 11,920	 (40,908)	 52,828
 Fund Balances - Beginning of Year	 <u>426,919</u>	 <u>84,066</u>	 <u>342,853</u>
 Fund Balances - End of Year	 <u>\$ 438,839</u>	 <u>\$ 43,158</u>	 <u>\$ 395,681</u>

See notes to financial statements.

DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025

	<u>Total</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess(Deficiency) of revenues over expenses	\$ 11,920	\$ (40,908)	\$ 52,828
Adjustments to reconcile excess(deficiency) of revenues over expenses to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) Decrease in:			
Assessments Receivable	2,564	2,564	-
Prepaid Insurance	(2,746)	(2,746)	-
Prepaid Federal Income Taxes	(692)	(692)	-
Prepaid Expenses	696	(8,637)	9,333
Interfund Balances	-	50,534	(50,534)
Increase (Decrease) in:			
Accounts Payable and Accrued Expenses	539	539	-
Assessments Received in Advance	<u>2,028</u>	<u>2,028</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>14,309</u>	<u>2,682</u>	<u>11,627</u>
Net Increase in Cash and Cash Equivalents	14,309	2,682	11,627
Cash and Cash Equivalents - Beginning of Year	<u>411,105</u>	<u>29,957</u>	<u>381,148</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 425,414</u></u>	<u><u>\$ 32,639</u></u>	<u><u>\$ 392,775</u></u>
Supplemental Cash Flow Information:			
Taxes paid	<u><u>\$ -</u></u>		
Interest paid	<u><u>\$ -</u></u>		

See notes to financial statements.

DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

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 July 11, 2025, 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.

Interest Earned

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

DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

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 represents assessments due from unit owners. On a periodic basis, the Board and management evaluate the assessments receivable and establish an allowance for credit loss, based on a history of past write-offs, collections and current legal status of past due accounts. An allowance for credit loss in the amount of \$24,038 was deemed necessary as of March 31, 2025.

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.

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued guidance (FASB ASC 606) which changed how assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists as it is defined by the Code. The Association does not defer the recognition of any portion of revenue as a contract liability.

The Financial Accounting Standards Board ("FASB") issued guidance (FASB ASC 326) which changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. What was previously identified as bad debt expense and allowance for doubtful accounts is now known as credit losses and allowance for credit losses. Financial assets held by the Association that are subject to the guidance in FASB ASC 326 are assessments receivable and certificates of deposit. The impact of the adoption of the standard is not considered material to the Association's financial statements and primarily results in the new terminology.

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, 2025.

DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 3 - Summary of Significant Accounting Policies (Continued)

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.

Reserve Advisors, LLC conducted a study in November 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on the estimated replacement costs at the time the study was done and have not been revised since then. Therefore, they do not take into account the effects of inflation since that time. The type of study performed was a Category I (full) study with site visit. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on this study.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacements of common property components. Actual expenditures may vary from the estimated amounts 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 Board has the right to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available.

In January 8, 2024, New Jersey signed Bill S2760/A4384, requiring community associations of all types to;

- 1) Have a reserve study updated every 5 years, including on-site walkthrough.
- 2) Have a reserve study that includes a 30-year funding schedule.
- 3) Have a reserve study that includes a preventive maintenance schedule.
- 4) Fund adequately according to the reserve study.

The Association contributed \$64,780 to the replacement fund for the year ended March 31, 2025, according to the funding method contained in the November 2024 study, in addition to interest earned on the replacement fund cash in the amount of \$14,460.

Note 5 - Membership Fees

Upon acquisition of the title to a unit, each new member of the Association must pay a one-time, non-refundable contribution equivalent to \$1,000. Membership fees have been allocated to the operating fund in the accompanying financial statements and may be used as deemed necessary by the Board.

DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025

Note 6 - 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 result 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, 2025, the Association has elected to be taxed as a condominium management association. Income taxes of \$2,158 have been provided based on the excess of non-membership income over non-membership expenses.

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 2022, which is the standard statute of limitations look-back period.

Note 7 - 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.

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

As of March 31, 2025, the Association had no significant concentrations of credit risk.

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

SUPPLEMENTARY INFORMATION

DRUM POINT VILLAGE WEST
CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTAL INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
MARCH 31, 2025

Reserve Advisors, LLC conducted a reserve study in November 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on the estimated replacement costs at the time schedule was prepared and have not been revised since. Therefore, they do not take into account the effects of inflation since that time.

The following table is based upon this schedule and presents significant information about the components of common property.

BASED ON 2024 SCHEDULE

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES (YEARS)</u>	<u>ESTIMATED REPLACEMENT COSTS</u>
BUILDING		
Gutters and Downspouts	4 - 6	\$ 150,800
Roofs, Asphalt Shingles	18 - 19	756,000
Shutters, Vinyl	5	12,600
Walls	1 - 15	1,219,800
SITE		
Asphalt Pavement	1 - 25	574,940
Catch Basins, Inspections and Capital R	4 - 5	11,000
Curbs	5 - 30	157,500
Concrete Sidewalks and Stoops	5 - 30	113,850
Fence	2 - 7	95,000
Irrigation System, Pump	8 - 18	8,400
Mailbox Stations	3	28,800
Signage, Entrance Monuments	4	14,800
Site Visit	3	2,650
		<u>\$ 3,146,140</u>
Replacement Fund Balance as of March 31, 2025:		<u>\$ 395,681</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, 2025

	<u>Actual</u>	(Unaudited) <u>Budget</u>
REVENUES:		
Maintenance Assessments	\$ 233,700	\$ 233,700
Interest Income	14,460	-
Late Fees	1,505	-
Membership Fees	6,000	2,000
Other Income	-	1,260
Prior Year Surplus	-	84,530
	<u>255,665</u>	<u>321,490</u>
Total Revenues		
EXPENSES:		
ADMINISTRATIVE:		
Bookkeeping	5,400	5,400
Audit Fee	1,900	2,100
Insurance	63,234	62,876
Legal Fees	250	1,500
Engineering Fees	3,350	6,100
Office Expenses	1,928	1,200
Federal Income Taxes	2,158	3,100
Credit Loss	388	4,800
Telephone	312	240
Miscellaneous	4	394
	<u>78,924</u>	<u>87,710</u>
Total Administrative		
GENERAL MAINTENANCE:		
General Maintenance and Repair	41,071	36,500
Pest Control	12,037	14,000
Landscaping	63,303	70,000
Snow Clearing	14,501	41,200
Irrigation Maintenance and Repair	6,424	6,000
Electricity	1,073	1,300
	<u>138,409</u>	<u>169,000</u>
Total General Maintenance		

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, 2025

	<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>14,460</u>	<u>-</u>
 Total Allocations to Replacement Fund	 <u>79,240</u>	 <u>64,780</u>
 Total Expenses and Allocations to Replacement Fund	 <u>296,573</u>	 <u>321,490</u>
 Deficiency of Revenues over Expenses	 <u>\$ (40,908)</u>	 <u>\$ -</u>

See independent auditors' report on the financial statements.