

MIDDLESEX BEACH ASSOCIATION
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MARCH 31, 2024

**MIDDLESEX BEACH ASSOCIATION
TABLE OF CONTENTS**

	<u>Pages</u>
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis	2
Statement of Revenues, Expenses, and Changes in Fund Balances – Modified Cash Basis	3
Statement of Cash Flows – Modified Cash Basis	4
Notes to Financial Statements	5-9
SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Expenses - Budget and Actual – Modified Cash Basis	10
Schedule of Expenses - Budget and Actual – Modified Cash Basis	11-12
Supplementary Information on Future Major Repairs and Replacements (Unaudited)	13

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Middlesex Beach Association
Bethany Beach, Delaware

Management is responsible for the accompanying financial statements of Middlesex Beach Association, which comprise the statement of assets, liabilities, and fund balances – modified cash basis as of March 31, 2024, and the related statements of revenues, expenses, and changes in fund balances – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained on pages 10 through 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

The supplementary information contained on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements; however, the Financial Accounting Standards Board, considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Atlantic Blue Advisors, LLC

Atlantic Blue Advisors, LLC

May 28, 2024
Lewes, Delaware

MIDDLESEX BEACH ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - MODIFIED CASH BASIS
MARCH 31, 2024

	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Improvements Fund</u>	<u>Beach Replenishment Fund</u>	<u>Legal Fund</u>
ASSETS					
CURRENT ASSETS					
Cash	\$ 364,868	\$ 285,862	\$ 34,499	\$ 44,507	\$ -
Certificates of deposit	<u>1,158,000</u>	<u>-</u>	<u>496,000</u>	<u>637,000</u>	<u>25,000</u>
TOTAL CURRENT ASSETS	1,522,868	285,862	530,499	681,507	25,000
FIXED ASSETS					
Land improvements	243,573	243,573	-	-	-
Buildings	102,754	102,754	-	-	-
Equipment	43,416	43,416	-	-	-
Less: Accumulated depreciation	<u>171,311</u>	<u>171,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET FIXED ASSETS	218,432	218,432	-	-	-
OTHER ASSETS					
Construction Escrows	<u>231,400</u>	<u>231,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,972,700</u>	<u>\$ 735,694</u>	<u>\$ 530,499</u>	<u>\$ 681,507</u>	<u>\$ 25,000</u>
LIABILITIES					
TOTAL CURRENT LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER LIABILITIES					
Construction escrows payable	<u>231,400</u>	<u>231,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	231,400	231,400	-	-	-
FUND BALANCES	<u>1,741,300</u>	<u>504,294</u>	<u>530,499</u>	<u>681,507</u>	<u>25,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,972,700</u>	<u>\$ 735,694</u>	<u>\$ 530,499</u>	<u>\$ 681,507</u>	<u>\$ 25,000</u>

See accompanying notes and independent accountant's report.

MIDDLESEX BEACH ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2024

	Total	Operating Fund	Capital Improvements Fund	Beach Replenishment Fund	Legal Fund
REVENUES					
Assessments	\$ 790,584	\$ 647,379	\$ 56,819	\$ 86,386	\$ -
Beach activity shared expense	10,500	10,500	-	-	-
Building permits	11,664	11,664	-	-	-
Interest income	44,258	941	22,401	20,916	-
Late fees and fines	100	100	-	-	-
Other income	6,241	6,241	-	-	-
TOTAL REVENUES	<u>863,347</u>	<u>676,825</u>	<u>79,220</u>	<u>107,302</u>	<u>-</u>
EXPENSES					
Administrative and general	154,994	148,594	-	6,400	-
Operating expenses	129,584	129,584	-	-	-
Beach activities	130,656	130,656	-	-	-
Security and parking patrol	68,899	68,899	-	-	-
Utilities and telephone	72,494	72,494	-	-	-
Depreciation	9,892	9,892	-	-	-
TOTAL EXPENSES	<u>566,519</u>	<u>560,119</u>	<u>-</u>	<u>6,400</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	296,828	116,706	79,220	100,902	-
FUND BALANCES, BEGINNING	1,444,472	355,507	483,974	579,991	25,000
TRANSFERS BETWEEN FUNDS	<u>-</u>	<u>32,081</u>	<u>(32,695)</u>	<u>614</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,741,300</u>	<u>\$ 504,294</u>	<u>\$ 530,499</u>	<u>\$ 681,507</u>	<u>\$ 25,000</u>

See accompanying notes and independent accountant's report.

MIDDLESEX BEACH ASSOCIATION
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2024

	Total	Operating Fund	Capital Improvements Fund	Beach Replenishment Fund	Legal Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess of revenues over expenses	\$ 296,828	\$ 116,706	\$ 79,220	\$ 100,902	\$ -
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:					
Depreciation	9,892	9,892	-	-	-
Changes in operating assets and liabilities:					
Due to operating fund	-	-	-	-	-
Construction Escrows	6,612	6,612	-	-	-
Construction escrows payable	(6,612)	(6,612)	-	-	-
Net cash flows from operating activities	306,720	126,598	79,220	100,902	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of building and equipment	(45,922)	(45,922)	-	-	-
Purchase of certificates of deposit	(155,000)	-	(30,000)	(125,000)	-
Net cash flows from investing activities	(200,922)	(45,922)	(30,000)	(125,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-	-
INCREASE (DECREASE) IN CASH	105,798	80,676	49,220	(24,098)	-
CASH AT BEGINNING OF YEAR	259,070	173,105	17,974	67,991	-
TRANSFERS BETWEEN FUNDS	-	32,081	(32,695)	614	-
CASH AT END OF YEAR	\$ 364,868	\$ 285,862	\$ 34,499	\$ 44,507	\$ -

See accompanying notes and independent accountant's report.

**MIDDLESEX BEACH ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1 – NATURE OF ORGANIZATION

Middlesex Beach Association (the Association) is a non-stock corporation formed in April 1974 in the State of Delaware. The Association is the governing body and management entity for the common property within the Middlesex Beach Subdivision located south of Bethany Beach, Delaware. The Middlesex Beach Subdivision is comprised of 230 residential and 15 commercial lots on approximately 122 acres. The Association assesses dues from the homeowners to fulfill its responsibilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Association has not recognized accounts receivable from homeowners or accounts payable to vendors and their related effects on earnings in the accompanying financial statements. Modifications to the pure cash basis of accounting include recording construction escrows received as a payable until paid back to the corresponding homeowner. See NOTE 6.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund provides working capital for operations, contingencies, and replacements where specific funds have not been designated. Annual assessments may be levied no more than once each calendar year and the amount thereof shall be determined from time to time according to the vote of a majority of the property owners in attendance at a regular meeting or a special meeting called for such purpose.

Capital Improvements Fund - This fund is used to accumulate financial resources designated for future major capital repairs and replacements. Additions to the fund shall be designated annually by the Board of Directors. For the fiscal year ended March 31, 2024, the capital improvements fund assessments were \$56,819. The Association spent \$32,875 on capital improvements for fencing during the fiscal year ended March 31, 2024. The Board of Directors transferred \$57,000 from the operating fund to this fund during the fiscal year ended March 31, 2024.

**MIDDLESEX BEACH ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beach Replenishment Fund – This fund is a reserve fund for beach replenishment. Additions to this reserve fund shall be designated annually by the Board of Directors. For the fiscal year ended March 31, 2023 the beach reserve fund assessments were \$86,386. The Association spent \$6,400 on beach replenishment projects during the fiscal year ended March 31, 2024. The Board of Directors transferred \$87,000 from the operating fund to this fund during the fiscal year ended March 31, 2024.

Legal Fund - This fund is a reserve fund for legal expenses. Additions to this reserve fund shall be designated annually by the Board of Directors. For the fiscal year ended March 31, 2024 the legal reserve fund assessments were \$0. The Board of Directors transferred \$0 from the operating fund to this fund during the fiscal year ended March 31, 2024.

Common Elements

Middlesex Beach Association is considered the owner of the common elements of the subdivision's real property and improvements. The Association is responsible for maintaining the assets of the Association, including the common areas. Purchases and major improvements of existing assets are capitalized and depreciated using the straight-line method over periods ranging from seven to forty years. Assets recognized as common property include a guard house, golf cart, road improvements, and fencing. Depreciation expense for the year ended March 31, 2024 totaled \$9,892.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest Income

Interest income is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

Annual Budget

The annual budget and assessments of homeowners are determined by the Board of Directors based on an estimate of the total cost to service and maintain the common elements during the succeeding calendar year, along with an amount estimated by the Board of Directors for the reserves for major repairs and replacements of the common elements.

Membership Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Association's annual budget is the basis for establishing the annual assessment required from each member to cover the Association's operating expenses, plus an allocation to the capital improvements, beach replenishment, and legal fund. Any excess assessments at year end are

**MIDDLESEX BEACH ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Membership Assessments (Continued)

retained by the Association for use in future years, including application to underfunding reserves. Assessment revenue is recognized as member assessments are collected. The performance obligation related to member assessments is the maintenance and management of the common area property, which is satisfied in a consistent and ongoing basis through weekly and monthly maintenance and repairs.

Subsequent Events

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 28, 2024, the date that the financial statements were available to be issued.

NOTE 3 – UNINSURED CASH BALANCES

The Association maintains its cash balances at Fulton Bank and Morgan Stanley. Accounts at each institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and the investments are secured by the Securities Investor Protection Corporation up to \$500,000. The Association had \$84,768 of uninsured balances at March 31, 2024.

NOTE 4 – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$1,158,000 are included in the accompanying financial statements and recorded at cost. The certificates bear interest ranging from 3.8% to 5.4% and have maturities ranging from nine months to three years, with no material penalties for early withdrawal.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Association's significant financial instruments are cash and liabilities, whose carrying values approximate fair value. Certificates of deposit are recorded at cost.

NOTE 6 – CONSTRUCTION ESCROWS - RESTRICTED CASH

The Association collects fees from homeowners who begin construction projects within the subdivision. The fees are refundable at the completion of the project. The amount of refundable construction escrows as of March 31, 2024 was \$231,400.

**MIDDLESEX BEACH ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 7 – NONCASH INVESTING AND FINANCING TRANSACTIONS

Noncash investing and financing transactions consist of interest expense and income taxes paid during the year. For the year ended March 31, 2024, the Association paid no interest expense and \$6,689 in income taxes.

NOTE 8 – INTER-FUND BALANCE

The inter-fund balance represents expenses that were paid from the operating fund that are due from the capital improvement and beach replenishment funds. There was no inter-fund balances at March 31, 2024.

NOTE 9 – INCOME TAXES

The Association qualifies to be taxed as a homeowners' association under Internal Revenue Code Section 528 for the year ended March 31, 2024. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at a flat rate of 30% by the federal government. The Association's federal income tax returns for the years ended March 31, 2021 through 2024 are subject to examination by the IRS, generally for three years, after they were filed.

NOTE 10 – FUTURE MAJOR REPAIRS AND MAINTENANCE

The Association requires that funds be accumulated for future major repairs and replacements. Accumulated funds, which totaled \$530,499 at March 31, 2024, are held in a separate account and are not available for operating purposes. The use of these funds is at the discretion of the Board of Directors.

The Association engaged an independent engineer who conducted a full reserve study in December 2021 to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The study indicated an annual reserve contribution requirement of \$58,647 for the year ended March 31, 2024, and increases three percent annually. When funds are required to meet future needs for major repairs and replacements, the Association may borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

Subsequent to year end the Association did a forty-year level 2 update reserve study with a site visit. The report was issued on April 8, 2024. The updated reserve study recommended the annual reserve funding for the year ended March 31, 2025 was \$110,559 and the estimated cost of the replacements will be \$3,553,929 over the forty-year study period.

**MIDDLESEX BEACH ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 11 – FUTURE BEACH REPLENISHMENT

The Association requires that funds be accumulated for future beach replenishment efforts. Accumulated funds, which totaled \$681,507 at March 31, 2024, are held in a separate account and are not available for operating purposes. The use of these funds is at the discretion of the Board of Directors.

NOTE 12 – LINE OF CREDIT

The Association has a \$ 100,000 line of credit with Fulton Bank. The interest rate on this credit facility is prime plus one percent and will vary with the prime rate. On May 28, 2024, the current rate was 8.5%. There was no outstanding balance as of March 31, 2024 and no subsequent draws through the report date.

NOTE 13 – ASSOCIATION’S MANAGEMENT AGREEMENT

The Association entered into a management agreement on April 1, 2023, with Solutions Property Management, to manage the operations of the Association through March 31, 2025. The monthly fee is \$4,900 per month.

SUPPLEMENTARY INFORMATION

MIDDLESEX BEACH ASSOCIATION
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND
ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
REVENUES			
Assessments	\$ 650,000	\$ 647,379	\$ (2,621)
Late fees	-	100	100
Reserve for capital improvements	57,000	56,819	(181)
Reserve for beach replenishment	87,000	86,386	(614)
Beach activity shared expense	10,500	10,500	-
Miscellaneous and building permits		17,905	17,905
Interest income	<u>-</u>	<u>44,258</u>	<u>44,258</u>
TOTAL REVENUES	804,500	863,347	58,847
EXPENSES			
Administrative and general	174,700	148,594	26,106
Operating expenses	193,400	129,584	63,816
Beach replenishment	-	6,400	(6,400)
Beach activities	136,700	130,656	6,044
Security and parking patrol	78,200	68,899	9,301
Utilities and telephone	77,500	72,494	5,006
Depreciation	<u>-</u>	<u>9,892</u>	<u>(9,892)</u>
TOTAL EXPENSES	<u>660,500</u>	<u>566,519</u>	<u>93,981</u>
EXCESS OF REVENUES			
OVER EXPENSES	<u>\$ 144,000</u>	<u>\$ 296,828</u>	<u>\$ 152,828</u>

See accompanying independent accountant's report.

MIDDLESEX BEACH ASSOCIATION
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2024

ADMINISTRATIVE AND GENERAL	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Accounting	\$ 5,000	\$ 5,480	\$ (480)
Bethany Beach VFC EMS fees	15,000	13,980	1,020
Clerical, printing and postage	7,000	4,316	2,684
Communications	2,000	3,049	(1,049)
Directory	3,000	2,529	471
Insurance	31,200	14,066	17,134
Legal	10,000	12,874	(2,874)
Management	60,400	60,875	(475)
Organization and administrative	4,500	4,364	136
Payroll processing fees	2,000	1,263	737
Payroll taxes	17,500	16,406	1,094
Recruiting	1,200	817	383
Social and recreation	2,650	1,861	789
Taxes	<u>13,250</u>	<u>6,714</u>	<u>6,536</u>
TOTAL ADMINISTRATIVE AND GENERAL	<u>174,700</u>	<u>148,594</u>	<u>26,106</u>
 OPERATING EXPENSES - OPERATING FUND			
Construction	1,200	600	600
Contingency	3,000	-	3,000
Drainage	50,000	31,367	18,633
Guard house operations	10,000	900	9,100
Beach maintenance	12,000	13,651	(1,651)
Landscape maintenance and irrigation	40,000	34,366	5,634
Maintenance and repairs	20,000	2,179	17,821
Road maintenance	32,000	31,875	125
Snow removal	2,200	600	1,600
Spring and storm clean-ups	15,000	7,000	8,000
Traffic control signage	4,000	635	3,365
Vehicle maintenance	1,000	3,390	(2,390)
Walkway maintenance	<u>3,000</u>	<u>3,021</u>	<u>(21)</u>
TOTAL OPERATING EXPENSES - OPERATING FUND	<u>193,400</u>	<u>129,584</u>	<u>63,816</u>

See accompanying independent accountant's report.

MIDDLESEX BEACH ASSOCIATION
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2024

	Budget	Actual	Variance - Favorable (Unfavorable)
OPERATING EXPENSES - BEACH REPLENISHMENT FUND			
Beach replenishment	\$ -	\$ 6,400	\$ (6,400)
BEACH ACTIVITIES			
Lifeguards payroll	117,700	117,058	642
Certifications	4,000	1,300	2,700
Equipment	4,500	3,887	613
Uniforms	7,000	5,871	1,129
Other beach programs	3,500	2,540	960
TOTAL BEACH ACTIVITIES	<u>136,700</u>	<u>130,656</u>	<u>6,044</u>
SECURITY AND PARKING PATROL			
Security payroll	54,000	58,368	(4,368)
Beach and parking passes	4,000	4,492	(492)
Night Security	16,000	-	16,000
Security equipment and supplies	2,200	4,071	(1,871)
Telephone	300	268	32
Uniforms	1,700	1,700	-
TOTAL SECURITY AND PARKING PATROL	<u>78,200</u>	<u>68,899</u>	<u>9,301</u>
UTILITIES AND TELEPHONE			
Trash rebate program	10,600	7,040	3,560
Trash service	60,900	59,314	1,586
Utilities - electric	5,000	4,734	266
Utilities - water and sewer	1,000	1,406	(406)
TOTAL UTILITIES AND TELEPHONE	<u>77,500</u>	<u>72,494</u>	<u>5,006</u>
DEPRECIATION	<u>-</u>	<u>9,892</u>	<u>(9,892)</u>
TOTAL EXPENSES	<u>\$ 660,500</u>	<u>\$ 566,519</u>	<u>\$ 93,981</u>

See accompanying independent accountant's report.

**MIDDLESEX BEACH ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (UNAUDITED)
MARCH 31, 2024**

The Association's board of directors conducted a full reserve study in September 2017, and then updated the report in December 2021, by Whyland Consulting Group, LLC, to estimate the remaining useful lives and the replacement costs of the components of common property over thirty years. The estimates were obtained from licensed contractors who inspected the property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study from 2021 and presents significant information about the components of common property under the threshold funding model projection:

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Replacement Cost Present Dollars</u>
Streets/Asphalt	4 to 26	\$ 1,372,405
Fencing/Security	4 to 20	443,998
Equipment	4 to 5	46,266
Grounds Components	7	94,894
Signs	4	<u>15,414</u>
Total		<u>\$ 1,972,977</u>

Under the recommended threshold funding model, the firm estimates the minimum annual funding of replacement reserves is \$56,939 with a three percent increase per year for the year ended March 31, 2024. The actual contribution totaled \$57,000.

Subsequent to year end the Association did a forty-year level 2 update reserve study with a site visit. The report was issued on April 8, 2024. The updated reserve study recommended the annual reserve funding for the year ended March 31, 2025 was \$110,559 and the estimated cost of the replacements will be \$3,553,929 over the forty-year study period.

See accompanying independent accountant's report.