

## OLD TAUNTON COLONY CLUB

### ANNUAL MEETING AGENDA

MAY 7, 2017

7:00 p.m. Member sign-in and receive ballots – ballot box open

Welcome President

Announcement President: Based upon nominations to be made during the meeting, additional nominees beyond those whose names already appear on the ballot at the start of the meeting may become candidates. The nominations for Trustees process will immediately follow the Voting Overview segment. Voters wishing to wait and consider all of the candidates up for election will have the opportunity to hear candidate presentations at that time.

Treasurer's Report

Committee Reports – see handout

Oral Committee Reports- Dam, Property, Social, Nature, Welcome, Aquatic Weed

Comments/Questions from members

Comments from the Board

Voting Overview 1. Review printed ballot and procedure

Nominations

From Floor 1. Accept nominations and seconds from floor  
2. Motion to close nominations and second

Candidates

Address (3 Minute  
Limit)

(Necessary if there have been nominations from the floor)

1. Nominees

## 2. Candidates on Ballot

- 10 Minute Break
1. Ballot counters chosen (if necessary)
  2. Call to order – Ballot Box Closed

Announce Election  
Results

Adjourn Meeting

Refreshments Served

Distribution of Beach Tags and Boat Stickers

## **Treasurer's Report**

### **for the 2017 Annual Meeting - May 7, 2017**

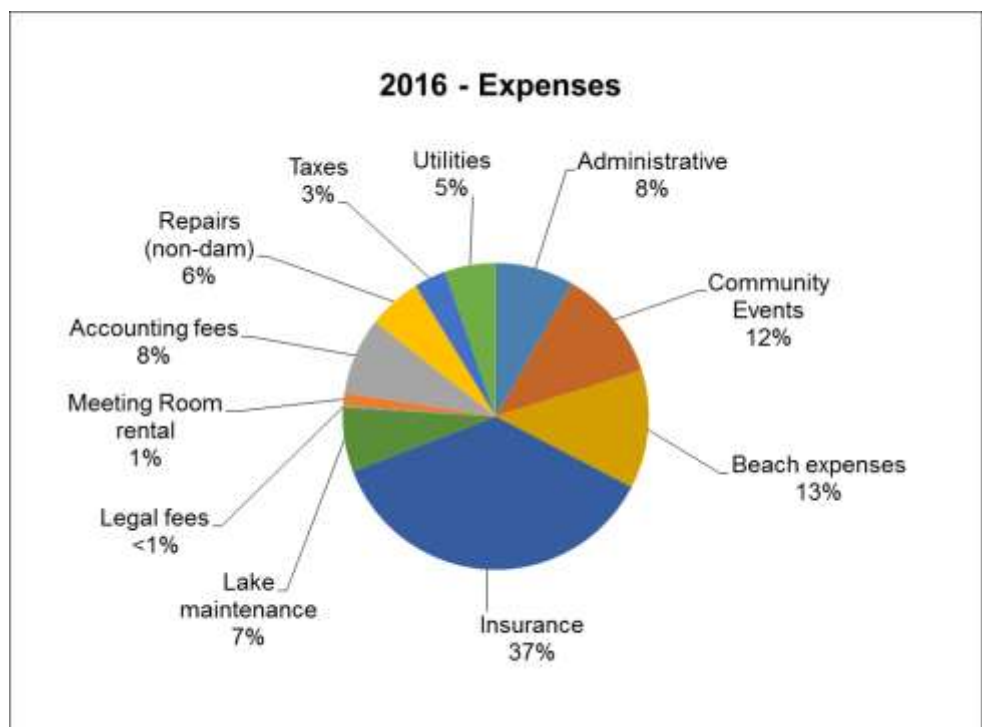
The OTCC finished 2016 with an operating surplus of \$5,841. The reserve account showed a deficit of \$28,702 because our net payments in 2016 for construction work on the Breakneck Road dam exceeded the amount received in dues payments (as expected). The dam construction is nearing completion, and we should soon have final figures on the total cost. So far, we have drawn down about \$386,000 from the \$433,000 20-year low interest loan provided by the State to help finance the dam construction. The remaining costs of construction will be relatively modest, so the entire project will come in well below budget. Payments on the loan are likely to begin this year following completion of the work. We currently have \$251,789 in our reserve account, so we are well positioned to be able to make the loan payments without difficulty. Once final figures are in, we will be looking in to the possibility of accelerating our loan payments to minimize the amount of interest expense over the nominal life of the loan.

Dues for 2017 are again unchanged from the last several years, at \$400. Of that, \$150 is placed in the reserve fund that was established 11 years ago to build up a reserve to pay down the loan financing the State-mandated upgrades to our dam. The current reserve balance, \$251,789, is 65% of the amount we'll need to pay off the current loan balance, not counting interest.

The remaining \$250 of your annual dues payment funds the club's operations and provides for monitoring and maintaining the quality of the lake, upkeep of the beach and other common areas, underwriting of the annual picnic and other member events, and payment of taxes, insurance premiums, accounting and legal fees, and other administrative costs. The chart below illustrates the breakdown of expenses for 2016.

Frank April, CPA, of Marlton, has conducted the annual independent audit of the OTCC's financials for the 2016 calendar year. A copy of his report is attached.

Respectfully submitted,  
Jerry Klein, Treasurer



**OLD TAUNTON COLONY CLUB, INC.**

**YEAR ENDED DECEMBER 31, 2016**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Old Taunton Colony Club Inc

I have audited the accompanying financial statements of Old Taunton Colony Club Inc, which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 error or fraud.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Old Taunton Colony Club Inc as of December 31, 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Francis J April CPA LLC*

**Francis J April CPA LLC**

**Marlton, New Jersey**

**February 2, 2017**

OLD TAUNTON COLONY CLUB, INC.

BALANCE SHEET

DECEMBER 31,

	2016		
ASSETS	Operating Fund	Reserve Fund	Total
<u>Current Assets</u>			
Cash and Cash Equivalents	60,475	232,318	292,793
Assessments Receivable, Net	-	-	-
Land, Lakes, Open Areas	15,400	-	15,400
Interfund Balance	(13,590)	13,590	-
<u>TOTAL ASSETS</u>	<u>62,285</u>	<u>245,908</u>	<u>308,193</u>
 LIABILITIES AND FUND BALANCES			
<u>Current Liabilities</u>			
Accrued Expenses	2,550	-	2,550
Prepaid Assessments	100	-	100
Loan - NJDEP	-	386,285	386,285
 TOTAL LIABILITIES	<u>2,650</u>	<u>386,285</u>	<u>388,935</u>
 <u>Fund Balances</u>			
Operating Fund	59,635	-	59,635
Reserve Fund (Deficit)	-	(140,377)	(140,377)
 TOTAL FUND BALANCES (DEFICITS)	<u>59,635</u>	<u>(140,377)</u>	<u>(80,742)</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>62,285</u>	<u>245,908</u>	<u>308,193</u>

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.

STATEMENT OF REVENUES AND EXPENSES

YEARS ENDED DECEMBER 31,

	2016		
	Operating Fund	Reserve Fund	Total
REVENUES			
Owner Assessments	38,669	20,981	59,650
Interest Income	27	507	534
Miscellaneous	500	-	500
TOTAL REVENUES	39,196	21,488	60,684
EXPENSES			
Administration Expenses	2,462	-	2,462
Annual Picnic and Community Events	3,517	-	3,517
Bad Debt Expense (Recovery)	3,650	-	3,650
Beach Expenses	3,715	-	3,715
Insurance	10,848	-	10,848
Lake Expenses	2,012	-	2,012
Legal	40	-	-
Meeting Room Rental	415	-	415
Outside Accounting	2,400	-	2,400
Repairs	1,691	50,190	51,881
Taxes - Real Estate	1,005	-	1,005
Telephone - Beach	477	-	477
Utilities - Beach	1,123	-	1,123
TOTAL EXPENSES	33,355	50,190	83,545
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	5,841	(28,702)	(22,861)

See accompanying notes to financial statements.



OLD TAUNTON COLONY CLUB, INC.  
STATEMENT OF CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2016

	Operating Fund	Reserve Fund	Totals
Balance (Deficit) - January 1, 2016	53,794	(111,675)	(57,881)
Excess (Deficit) of Revenues Over Expenses	<u>5,841</u>	<u>(28,702)</u>	<u>(22,861)</u>
Balance (Deficit) - December 31, 2016	<u>59,635</u>	<u>(140,377)</u>	<u>(80,742)</u>

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31,

	2016		
	Operating Fund	Reserve Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess (Deficit) of Revenues Over Expenses	5,841	(28,702)	(22,861)
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Net Cash Provided By (Used In) Operating Activities			
<u>(Increase) Decrease In:</u>			
Assessments Receivable	-	-	-
Interfund Balance	14,597	(14,597)	-
<u>Increase (Decrease) In:</u>			
Accrued Expenses	13	(150,612)	(150,599)
Prepaid Assessments	(50)	-	(50)
Net Cash Provided By (Used In) Operating Activities	20,401	(193,911)	(173,510)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from Loan - NJDEP	-	197,555	197,555
Net Cash Provided By Financing Activities	-	197,555	197,555
Net Increase (Decrease) In Cash and Cash Equivalents	20,401	3,644	24,045
Cash and Cash Equivalents - Beginning of Year	40,074	228,674	268,748
Cash and Cash Equivalents - End of Year	60,475	232,318	292,793

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid For Income Taxes	-	-	-
Cash Paid For Interest Expense	-	-	-

See accompanying notes to financial statements

OLD TAUNTON COLONY CLUB, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Old Taunton Colony Club is a New Jersey not-for-profit organization incorporated in 1939 in compliance with the requirements of Title 15, Chapter 1 of the revised statutes of New Jersey. The Club's members include all the residential unit owners of Taunton Lake, Burlington County, New Jersey. Taunton Lake is defined as all that area encompassed by the Taunton Lake sides of Breakneck Road, Hinchman Road, Centennial Dam, Centennial Avenue and Hopewell Road and in addition, all real estate formerly the property of the Taunton Lakes Company and the house and property owned by the Larsen family that was granted use of Taunton Lake in their deed. The purpose of the Club is to provide for the maintenance, preservation and enhancement of the common facilities. At December 31, 2016 there are 149 members in the Club.

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 February 2, 2017, the date that the financial statements were available to be issued.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Association maintains its books and records on the accrual basis of accounting. The accompanying financial statements have been prepared on that basis, in which revenue and gains are recognized when earned and expenses and losses are recognized when incurred.

Fund Accounting

The Club's governing documents provide certain guidelines for governing its financial activities. To ensure observance of the limitations and restrictions on the use of financial resources, the Club 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 and its related cash accounts are used to account for financial resources available for the general operation of the Club.

Reserve Fund

This fund and its related cash accounts will be used to accumulate financial resources designated for future repairs and replacements and upgrades to the Club's dam, as required by NJ DEP.

OLD TAUNTON COLONY CLUB, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Member Assessments

Members are subject to annual assessments of \$400 in 2016 to provide for the Club's operating expenses. Assessments receivable at the balance sheet date represent fees due from members. Any assessments received in advance at the balance sheet date are deferred until due and recorded as advance assessments on the balance sheet.

Statement of Cash Flow

The Club considers all certificate of deposits to be cash equivalents. At December 31, 2016 cash consists of amounts held in checking accounts and certificate of deposits at local banks.

Use of 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 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 could differ from those estimates.

Income Taxes

Homeowners associations may be taxed either as associations or as regular corporations. For the year ended December 31, 2016 the Association was taxed as an association. Under that election, the Association is taxed on its non-exempt function income, such as interest income, at a rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. For the year ended December 31, 2016, there was no income tax expense. The Association is considered a tax exempt entity for New Jersey corporate taxes.

NOTE 4 Concentrations of Credit Risks

The Club does not utilize any specialized vendors, materials or equipment in the normal course of operations that would not be available from other sources at reasonably the same market price as the Association is currently paying.

OLD TAUNTON COLONY CLUB, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 Concentrations of Credit Risks (Continued)

The Club has, in the normal course of its business, non-collateralized assessments due from members. If members fail to make payment to the Club, the amount of loss incurred would be charged to operations in the year of write-off. Management has determined that the full collection of assessments is not realizable and therefore assessments receivable have been recorded net of uncollectible amounts at December 31, 2016 of \$12,825.

NOTE 5 Loan - NJDEP

The Club has entered into a loan with the State of NJ DEP for restoration work on the Taunton Lake Dam. Total loan commitment is for \$433,440, payable over 20 years bearing interest at 2% per annum on the unpaid principal balance from the date of the initial loan disbursement by the state to the Club until payment of the entire principal balance. Interest accrued against each interim drawdown of the loan, from the date of the first drawdown to a date three months following the last project drawdown, must be paid to the state three months after the final drawdown.

During the year ended December 31, 2016 the Club took two drawdowns from the loan totaling \$47,237 and incurred dam related expenses of \$50,190 charged to the reserve fund.

At December 31, 2016 the Club has been advanced \$386,285 from the state.

NOTE 6 Litigation

The lender holding the mortgage on a property has initiated legal proceedings to foreclose on the property and seek possession and also cancel the Association's claim for unpaid dues. Even if the lender is successful in the legal actions the Association would not be obligated to pay any damages, instead the claim would be erased, therefore there is no need to accrue any liabilities on the accompanying balance sheet.

The Association had previously revoked a member's good standing as a result of cutting down numerous trees without the Board's approval. Settlement discussions are ensuing, however if the legal action is successful against the Association, there would be no settlement payment just restoring the member's good standing. As a result there is no need to accrue any liabilities on the accompanying balance sheet.

## **OTCC DAM COMMITTEE 2017 ANNUAL REPORT**

The members of the Dam Committee and Board of Trustees have continued their work to maintain our dam in a manner that complies with N.J. State standards for dam safety, including providing visual inspections, clearing of spillways, and vegetation maintenance. The upgrades to the dam are required to meet the standards of New Jersey Department of Environmental Protection (NJDEP).

### **Current Dam Improvement Project Status**

The majority of the dam improvement project was completed by December of 2015. Some remaining work continued into the spring and early summer of 2016. Cement coating of the primary spillway finished while the lake was lowered during April 2017.

### **Action taken during the last 12 months**

**Summer/Fall 2016**- Completion of repairs required by NJDEP inspection (Concrete curbing at ends of Concrete block)

**Spring 2017**- Medford Twp repair of block damaged by guide rail installation

**April 2017**- Downstream slope of dam was cleared of trash and debris

**May 2017**- Completion of spillway coating repairs.

### **Proposed work for 2017**

Replacement of spillway gate valve

Completion of "punchlist" items as necessary to obtain NJDEP approval

Project close out and as-built survey

### **Dam Loan Agreement**

The Board has taken advantage of a State program to provide low interest loans to dam owners for the purpose of making improvements to their dams. The loan amount is for \$433,400.00. This amount is intended to cover "soft costs" including survey, geotechnical, engineering and legal services as well as "hard costs" for construction. Based on the estimated 17.5 year repayment schedule the total amount to be repaid (including principal and interest) is \$526,488.00. This amount may be adjusted based on date of the final draw down on the loan. The Board currently appropriates \$150.00 of each member's annual dues payment to dam reconstruction fund which will be used to repay the loan.

A full accounting of project cost will be completed once all costs are finalized.

Members of the Dam Committee are: Steve Lennon, Paul Lucas, and Phil Myers.

Respectfully submitted,

Steve Lennon  
Chair, Dam Committee

## INSURANCE COMMITTEE REPORT - May 2016

The OTCC is covered by "A+" rated insurance companies with several types of insurance. The amount of coverage and the premiums for 2016 to 2017 are listed below. We continue to be able to get an endorsement for our Special Events (picnic & bon fire) coverage added to our Commercial Liability policy at no cost. This eliminates the need for a stand alone policy for Special Events and saves over \$500.

We are not expecting any significant increase in cost of the 2017 – 2018 insurance policies. Exact figures are not yet available.

There are currently no claims made against these policies.

### 2016 to 2017

	<u>Premium</u>	<u>Limits of coverage</u>
Commercial Liability	\$7,640.00 \$1,000,000/\$2,000,000	
Umbrella liability	\$1,575.00	\$1,000,000
Directors and Officers	\$1,633.69	\$1,000,000
Special Event (picnic)	No Charge	\$1,000,000
Total for 2015-2016: \$10,848.69		

Respectfully submitted,

Bill Walsh, Chair  
Insurance Committee