

OLD TAUNTON COLONY CLUB

ANNUAL MEETING AGENDA

MAY 6, 2018

- 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 (See attached for written report)
- Committee Reports
- Comments
- 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

OTCC DAM COMMITTEE 2018 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. Spillway gate was replaced in fall of 2017.

Action taken during the last 12 months

Replacement of spillway gate valve

Downstream slope of dam was cleared of trash and debris

Proposed work for 2018

Adjustment of gate valve

Completion of “punch list” 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

**OTCC Property Committee Report for Annual Meeting May 6, 2018
(Formerly the Lakefront and Dock Committee)**

The Property Committee is charged with the responsibility making the rules of the Taunton Lake Community known to the members of our homeowners association. It is also responsible for reaching out to members who have knowingly or unknowingly broken the rules.

For over 100 years deed restrictions have been in place that would have the effect of keeping our beautiful lake and surrounding area as close as possible to an unbuilt community. This concept was to ensure that the “natural” aspects that add to the peace, serenity, and beauty be preserved for all to enjoy into the future.

The original developers recognized the value of establishing such an area so close to Camden and Philadelphia that could be an escape from the cement, and brick, clutter, and noise.

Please refer to the Deed restrictions that are posted on our web site at: www.tauntonlake.org. Particularly note # 4: “No live trees of a greater diameter than four inches at the butt shall be cut or destroyed without the written approval of the grantor (OTCC)”. This means if the tree falls over from a storm, is chomped off by a beaver, or any other reason for the tree to cease to remain.

Also, please refer to the Bylaws(also posted on the web site). Note Article III, Section 6b: “adapts his or her mode of occupancy to the existing natural environment of the Taunton Lake community”. Also see Sections c, d, and e.

These are not hollow words.

It is the responsibility of every person who lives here to not spoil the community for which so many have invested their time and money for the opportunity to live in such a unique place.

Right now, the Committee is struggling to reach out to all of those who have violated the rules in the past year. We cannot afford to lose what so many of us loved about this community enough to settle here.

Our Committee, our Board of Trustees, and each member is responsible for maintaining this unique and beautiful community.

For the Committee,
Paul Lucas

OTCC Water Quality Committee Report Annual Meeting 2018

Lake water quality has many facets: nitrates, phosphates, pH, dissolved oxygen and other parameters. In the past, such parameters have been satisfactory, at the least, with the exception of an elevated pH(acidity/alkalinity) on occasion.

Elevated pH and other parameters are chiefly a man-made problem, often caused by things like lawn chemicals being used on lawns both here and upstream. These parameters dictate which aquatic plants and animals take over in our lake and in the water bodies downstream. We are all connected.

Chemicals introduced by humans pose a threat to water quality and the aquatic life. Road salt, oil and gasoline leaked from vehicles, pesticides, and other chemicals all take a toll. The precautions on pesticide containers should be strictly followed.

Our Association strictly obeys NJ State law for coliform testing at our beach area by paying for weekly tests. Those results are sent to us and to the County Department of Health. If the results of any test are beyond a particular level, there is a quick re-test. If the re-test is also high, the beach is closed and signs are posted to warn against swimming and wading. Another test is then performed. Assuming the results no longer indicate a threat, the beach is re-opened. Properly maintained septic systems have a direct bearing on the coliform counts.

All of us are responsible for our lake's water quality.

For the Committee,
Paul Lucas

INSURANCE COMMITTEE REPORT - May 2018

The OTCC is covered by “A+” rated insurance companies with several types of insurance. The amount of coverage and the premiums for 2017 to 2018 are listed below. We continue to be able to get an endorsement for our Special Events (picnic, liquor & 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 2018 – 2019 insurance policies. Exact figures are not yet available.

There are currently no claims made against these policies.

2017 to 2018

	<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	\$1,763.69	\$1,000,000
Special Event (picnic)	No Charge	\$1,000,000
Total for 2017-2018: \$10,978.69		

Respectfully submitted,

Bill Walsh, Chair
Insurance Committee

Treasurer's Report

for the 2018 Annual Meeting - May 6, 2018

The OTCC finished 2016 with a total surplus of \$16,185 and an operating deficit of \$7,248. The deficit was due to the fact that OTCC was required to defend a lawsuit brought against it by a property owner whose good standing was revoked for having cut down numerous trees without permission, as required by its deed restrictions, and refusing to cooperate with OTCC in developing a replanting plan. The lawsuit is still ongoing and 2018 will see significant additional costs of defending the lawsuit. Without the expenses of that lawsuit, we would have had an operating surplus of \$6,733 and a total surplus of \$22,918.

There were no expenses associated with the dam construction in 2017, as final work was delayed. The dam construction is nearing completion, and we hope to have final figures on the total cost some time in 2018. 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. There were no draw-downs in 2017 nor any so far in 2018. 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 or next, following completion of the work. We currently (May 2, 2018) have \$ 263,519 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 2018 are again unchanged from the last several years, at \$400. Of that, \$150 is placed in the reserve fund that was established 12 years ago to build up a reserve to pay down the loan financing the State-mandated upgrades to our dam. The current reserve balance, \$263,519, is 68% of the amount we'll need to pay off the current loan balance (\$386,285), 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.

Frank April, CPA, of Marlton, has conducted the annual independent audit of the OTCC's financials for the 2017 calendar year. A copy of his report is attached. The breakdown of expenses for 2017 is shown on page 4 of the report.

Respectfully submitted,
Jerry Klein, Treasurer

OLD TAUNTON COLONY CLUB, INC.

YEAR ENDED DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 5, 2018

OLD TAUNTON COLONY CLUB, INC.

BALANCE SHEET

DECEMBER 31,

	<u>2017</u>		
	Operating Fund	Reserve Fund	Total
ASSETS			
<u>Current Assets</u>			
Cash and Cash Equivalents	54,687	261,375	316,062
Assessments Receivable, Net	-	-	-
Land, Lakes, Open Areas	15,400	-	15,400
Interfund Balance	(7,966)	7,966	-
<u>TOTAL ASSETS</u>	<u>62,121</u>	<u>269,341</u>	<u>331,462</u>
LIABILITIES AND FUND BALANCES			
<u>Current Liabilities</u>			
Accrued Expenses	9,684	-	9,684
Prepaid Assessments	50	-	50
Loan - NJDEP	-	386,285	386,285
TOTAL LIABILITIES	<u>9,734</u>	<u>386,285</u>	<u>396,019</u>
<u>Fund Balances</u>			
Operating Fund	52,387	-	52,387
Reserve Fund (Deficit)	-	(116,944)	(116,944)
TOTAL FUND BALANCES (DEFICITS)	<u>52,387</u>	<u>(116,944)</u>	<u>(64,557)</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>62,121</u>	<u>269,341</u>	<u>331,462</u>

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
STATEMENT OF REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31,

REVENUES	2017		
	Operating Fund	Reserve Fund	Total
Owner Assessments	36,669	22,931	59,600
Interest Income	31	502	533
Miscellaneous	680	-	680
TOTAL REVENUES	37,380	23,433	60,813
EXPENSES			
Administration Expenses	2,811	-	2,811
Annual Picnic and Community Events	3,590	-	3,590
Bad Debt Expense (Recovery)	(1,470)	-	(1,470)
Beach Expenses	2,986	-	2,986
Insurance	10,979	-	10,979
Lake Expenses	5,889	-	5,889
Legal	13,981	-	13,981
Meeting Room Rental	665	-	665
Outside Accounting	2,425	-	2,425
Repairs	25	-	25
Taxes - Real Estate	1,008	-	1,008
Telephone - Beach	492	-	492
Utilities - Beach	1,247	-	1,247
TOTAL EXPENSES	44,628	-	44,628
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(7,248)	23,433	16,185

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Reserve Fund	Totals
Balance (Deficit) - January 1, 2017	59,635	(140,377)	(80,742)
Excess (Deficit) of Revenues Over Expenses	(7,248)	23,433	16,185
Balance (Deficit) - December 31, 2017	52,387	(116,944)	(64,557)

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31,

	2017		
	Operating Fund	Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess (Deficit) of Revenues Over Expenses	(7,248)	23,433	16,185
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	(5,624)	5,624	-
<u>Increase (Decrease) In:</u>			
Accrued Expenses	7,134	-	7,134
Prepaid Assessments	(50)	-	(50)
Net Cash Provided By (Used In) Operating Activities	(5,788)	29,057	23,269
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Loan - NJDEP	-	-	0
Net Cash Provided By Financing Activities	-	0	0
Net Increase (Decrease) In Cash and Cash Equivalents	(5,788)	29,057	23,269
Cash and Cash Equivalents - Beginning of Year	60,475	232,318	292,793
Cash and Cash Equivalents - End of Year	54,687	261,375	316,062

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, 2017 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 5, 2018, 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.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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.

Member Assessments

Members are subject to annual assessments of \$400 in 2017 to provide for the Club's operating expenses and accumulate funds for the reserve fund. 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, 2017 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, 2017 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, 2017, there was no income tax expense. The Association is considered a tax exempt entity for New Jersey corporate taxes.

The Association's federal tax returns for years before 2014 are no longer subject to examination by the Internal Revenue Service.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

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.

Membership dues comprise the Club's primary source of cash flow, the Association is dependent upon collection of member assessments for ongoing operations.

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, 2017 of \$11,355.

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, 2017 the Club did not take any drawdowns from the loan.

At December 31, 2017 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 accompany balance sheet.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 Litigation (Continued)

The Association had previously revoked a member's good standing as a result of cutting down numerous trees without the Board's approval. Said member has initiated a lawsuit seeking to compel the Association to restore the member's good standing status. 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.