

OLD TAUNTON COLONY CLUB

ANNUAL MEETING AGENDA

- 7:00 pm.** **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 the ballot.
- 10 Minute Break** **1. Ballot counters chosen (if necessary).**
3. 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 2024 Annual Meeting - May 19, 2024**

The OTCC finished 2023 with an operating surplus of \$4,308 and a reserve fund surplus of \$22,767. Frank April, CPA, of Marlton, has conducted the annual independent audit of the OTCC's financials for the 2023 calendar year. A copy of his report is attached. The breakdown of expenses for 2023 is shown on page 5 of the report.

Of the \$525 dues amount, \$175 is placed in the reserve fund that was established 18 years ago to build up a reserve to pay down the loan which financed the State-mandated upgrades to our dam. We determined that a large up-front payment of principal was needed to minimize further interest and thus reduce the overall total cost. Accordingly, OTCC paid a lump sum of \$193,000 in principal in June 2022 followed by an accrued interest payment of \$58,295 that same month and our first semi-annual payment of \$25,625 (combined interest and principal) was made in December 2022. Two more semi-annual payments were made in 2023, and similar installments will be paid every six months through 2026.

The remaining \$350 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, dealing with various property issues, underwriting of various member events, and payment of taxes, insurance premiums, accounting and legal fees, and other administrative costs.

As of May 9, 2024, our operating fund balance was \$54,370 and our reserve fund balance was \$77,419, with more to be added to each fund as current dues payments continue to come in.

Respectfully submitted,
Jerry Klein, Treasurer

OLD TAUNTON COLONY CLUB, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
OLD TAUNTON COLONY CLUB INC

Opinion

I have audited the accompanying financial statements of OLD TAUNTON COLONY CLUB INC, which comprise the balance sheet as of December 31, 2023, 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.

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, 2023, 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.

Basis for Opinion

I conducted the 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 OLD TAUNTON COLONY CLUB INC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, 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 these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OLD TAUNTON COLONY CLUB INC ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 error or fraud, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but 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 controls. Misstatements are considered material if there is 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 misstatements 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 control 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 OLD TAUNTON COLONY CLUB INC 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 no conditions or events, considered in the aggregate, that raise substantial doubt about OLD TAUNTON COLONY CLUB INC 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 certain internal control related matters that I identified during the audit.

Francis J April CPA LLC
Marlton, New Jersey
February 11, 2024

Francis J April CPA LLC

OLD TAUNTON COLONY CLUB, INC.

BALANCE SHEET

DECEMBER 31,

| | <u>2023</u> | | |
|--|-------------------|-------------------|--------------------|
| <u>ASSETS</u> | Operating Fund | Reserve Fund | Total |
| <u>Current Assets</u> | | | |
| Cash and Cash Equivalents | 30,277 | 60,700 | 90,977 |
| Assessments Receivable, Net | - | - | - |
| Receivable - Twp of Medford | 500 | - | 500 |
| Land, Lakes, Open Areas | 15,400 | - | 15,400 |
| Interfund Balance | (6,245) | 6,245 | - |
| <u>TOTAL ASSETS</u> | <u>39,932</u> | <u>66,945</u> | <u>106,877</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Current Liabilities</u> | | | |
| Accrued Expenses | 2,903 | - | 2,903 |
| Loan - NJDEP - Short Term Portion | - | 48,308 | 48,308 |
| <u>Total Current Liabilities</u> | <u>2,903</u> | <u>48,308</u> | <u>51,211</u> |
| Loan - NJDEP - Long Term Portion | - | 74,291 | 74,291 |
| <u>TOTAL LIABILITIES</u> | <u>2,903</u> | <u>122,599</u> | <u>125,502</u> |
| <u>Fund Balances</u> | | | |
| Operating Fund | 37,029 | - | 37,029 |
| Reserve Fund (Deficit) | - | (55,654) | (55,654) |
| <u>TOTAL FUND BALANCES (DEFICITS)</u> | <u>37,029</u> | <u>(55,654)</u> | <u>(18,625)</u> |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>39,932</u> | <u>66,945</u> | <u>106,877</u> |

See accompanying notes to financial statements.

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

| <u>REVENUES</u> | 2023 | | |
|---|-------------------|-----------------|--------|
| | Operating Fund | Reserve Fund | Total |
| Owner Assessments | 52,542 | 25,733 | 78,275 |
| Interest Income | 20 | 198 | 218 |
| Late Fees | 1,125 | - | 1,125 |
| Other Income - Twp of Medford | 1,000 | - | 1,000 |
| | | | |
| <u>TOTAL REVENUES</u> | 54,687 | 25,931 | 80,618 |
| | | | |
| <u>EXPENSES</u> | | | |
| Administration Expenses | 3,053 | - | 3,053 |
| Annual Picnic and Community Events | 581 | - | 581 |
| Bad Debt Expense | 2,000 | - | 2,000 |
| Beach Expenses | 5,714 | - | 5,714 |
| Dam Expenses | - | - | 0 |
| Insurance | 19,680 | - | 19,680 |
| Interest Expense | - | 3,164 | 3,164 |
| Lake Expenses | 3,160 | - | 3,160 |
| Legal | - | - | 0 |
| Maintenance and Repairs | 2,127 | - | 2,127 |
| Outside Accounting | 3,658 | - | 3,658 |
| Property Management Fees | 7,995 | - | 7,995 |
| Taxes - Real Estate | 1,079 | - | 1,079 |
| Telephone - Beach | 432 | - | 432 |
| Utilities - Beach | 900 | - | 900 |
| | | | |
| <u>TOTAL EXPENSES</u> | 50,379 | 3,164 | 53,543 |
| | | | |
| <u>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</u> | 4,308 | 22,767 | 27,075 |

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2023

| | Operating Fund | Reserve Fund | Totals |
|--|-------------------|-----------------|----------|
| Balance (Deficit) - January 1, 2023 | 32,721 | (78,421) | (45,700) |
| Excess (Deficit) of Revenues Over Expenses | 4,308 | 22,767 | 27,075 |
| Balance (Deficit) - December 31, 2023 | 37,029 | (55,654) | (18,625) |

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31,

| | <u>2023</u> | | |
|--|-------------------|-----------------|-----------------|
| | Operating Fund | Reserve Fund | Total |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | |
| Excess (Deficit) of Revenues Over Expenses | 4,308 | 22,767 | 27,075 |
| 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, Net | 275 | - | 275 |
| Receivable - Twp of Medford | (500) | - | (500) |
| <u>Increase (Decrease) In:</u> | | | |
| Accrued Expenses | (35) | - | (35) |
| Prepaid Assessments | - | - | 0 |
| <u>Net Cash Provided By (Used In) Operating Activities</u> | <u>4,048</u> | <u>22,767</u> | <u>26,815</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | |
| Payments against Loan - NJDEP | - | (47,358) | (47,358) |
| Interfund Balance | (222) | 222 | - |
| <u>Net Cash Provided By (Used In) Financing Activities</u> | <u>(222)</u> | <u>(47,136)</u> | <u>(47,358)</u> |
| <u>Net Increase (Decrease) In Cash and Cash Equivalents</u> | <u>3,826</u> | <u>(24,369)</u> | <u>(20,543)</u> |
| <u>Cash and Cash Equivalents - Beginning of Year</u> | <u>26,451</u> | <u>85,069</u> | <u>111,520</u> |
| <u>Cash and Cash Equivalents - End of Year</u> | <u>30,277</u> | <u>60,700</u> | <u>90,977</u> |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

| | | | |
|--------------------------------|---|-------|-------|
| Cash Paid For Income Taxes | - | - | - |
| Cash Paid For Interest Expense | - | 3,164 | 3,164 |

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, 2023 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 11, 2023, 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 and certificates of deposit will be used to accumulate financial resources designated for repairs 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 and Allowance for Credit Losses

Association members are subject to periodic assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue, both operating and replacement reserve, are recognized as the related performance obligations are satisfied. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are deemed delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

The Association treats uncollectible assessments as credit losses. Methods, inputs and assumptions used to evaluate when assessments are considered uncollectible includes closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control. It is the opinion of the Association and management that the Association will not prevail against homeowners with delinquent assessments and, accordingly, has established an allowance for credit losses of \$22,300 at December 31, 2023.

Interest Income

Interest income earned on cash balances of each fund are allocated directly to the operating and reserve funds.

Statement of Cash Flow

The Club considers all bank accounts, including certificates of deposit, to be cash equivalents. At December 31, 2023, the Club had no certificates of deposit.

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.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Income Taxes

Homeowners associations may be taxed either as associations or as regular corporations. For the year ended December 31, 2023 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, 2023, 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 2020 are no longer subject to examination by the Internal Revenue Service.

NOTE 4 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. At December 31, 2023 the outstanding loan balance was \$122,599.

During the year ended December 31, 2023 the Club made principal payments against the loan of \$47,358 and also paid \$3,164 in interest expense.

Five year maturity of long term debt is as follows:

| | |
|--|----------------|
| December 31, 2024 | 48,308 |
| December 31, 2025 | 49,281 |
| December 31, 2026 | 25,010 |
| December 31, 2027 | - |
| December 31, 2028 | - |
| | <hr/> |
| Total five year maturity of long term debt | <u>122,599</u> |

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 Property Management Contract

Effective March 1, 2020 through February 28, 2021, and annually renewable thereafter unless either party provides written notice 30 days prior to expiration, the Club is managed by Target Property Management, requiring monthly payments. Property management fee expense for the year ended December 31, 2023 was \$7,995.

NOTE 6 Revenue Recognition

Revenue from owner assessments are recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board (FASB) issued Accounting Standards Code (ASC) 606 requiring the deferral of recognition of income until the services are rendered. The Club has determined ASC 606 does not apply to the Club as no customer relationship exists as it is defined by the Code. The Club does not defer the recognition of any portion of revenue as Contract Liability.

NOTE 7 New Accounting Guidance Implementation

Effective January 1, 2023, the Association adopted ASU-2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

NOTE 8 Financial Instruments

Concentrations of Credit Risks and Credit Losses

A majority of the Association's revenue is derived primarily from the unit owners in the same geographical region. The Association is dependent upon this source of income for its ongoing operations. Collection of members assessments is vital to the ongoing financial support and stability of the Association.

The Association maintains cash account balances at financial institutions, which, may at times during the year may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association continues to evaluate this risk and believes it is not exposed to any significant credit risks on its cash balances at the date the financial statements were available to be issued.

At December 31, 2023 the Association has evaluated assessments receivable and believes all assessments are not collectible and has provided an allowance for credit losses of \$22,300 at December 31, 2023.

OTCC Beach Committee - 2024 Annual Report

The Beach Committee continues to maintain the beach and OTCC-owned common areas to allow our members to enjoy a safe, comfortable, space to enjoy the lake. We follow all Burlington County Health Department requirements and regulations.

This year's Beach Clean-up event took place over a weekend and left the beach area, park area, parking lot, dam, and pathways in great shape to start the summer season. We thank all the families that gave their time and energy to this clean-up.

The Taunton Lake Beach has received approval from the Burlington County Health Department to open for the season. All emergency equipment has been placed in the shed or the equipment rack. The association purchased a new shadow box located at the beach and will house required posted documents. Please make sure children know these locations are not for use other than beach work or emergencies. There is a brown bin under the main sign as you enter the beach. This bin can be used for sand toys and other beach items to share.

The goose rope is up to prevent the geese from making a home on the beach. Additionally, the porta toilet is in place for the season and this will be locked with a key placed in the shed. Please remember to lock the toilet and return the key after use.

The lake water is tested weekly during the season and reported to the Board by South Jersey Water Testing. Taunton Lake has some of the safest and cleanest lake water due to wooded barriers being required between the lake and any other source of chemicals, like lawns.

Beach Attendants have been selected for the season and will start Memorial Day weekend. In addition to cleaning the beach, checking for potential hazards, and completing the checklist from the Health Department, the Attendants will be checking tags and boat stickers. Beach Attendants are not lifeguards. Children should not swim unattended and, swimming, for all, is at your own risk.

As we did last year, the Beach Attendants will have OTCC blue t-shirts when they are working. The tag and sticker checking allow us to reduce trespassing on the lake. Please have your tags visible when down at the beach area.

We look forward to a wonderful beach season!

Respectfully,
Tina Miller
Beach Committee Chair

OTCC DAM COMMITTEE - 2024 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, professional engineering inspections, clearing of spillways, and vegetation and other maintenance.

Action taken during the last 12 months

- Dam Inspection (Informal) was completed by OTCC in March 2023.
- Maintained the dam embankment to be clear of vegetation, leaf litter and debris
- Secondary spillway has been periodically cleared of brush from beaver activity
- Lake was lowered for annual lake cleaning. Heavy rains complicated the ability to maintain low water levels.
- The supports for the catwalk to the spillway controls were replaced.
- Dam Inspection (Regular 2 year) is scheduled to be completed by Pennoni in Spring 2024 for submission to NJDEP.
- Dam Loan Repayment- ongoing. Repayment began in June 2022 and will be completed by June 2026, with payments made every six months.
- O&M Manual Updates and Emergency Action Plan updates are ongoing

Proposed work for this year

Maintain dam clear of vegetation
Complete updates to O&M manual
Complete updates Emergency Action Plan

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

Respectfully submitted,

Steve Lennon, Chairperson, Dam Committee

PROPERTY COMMITTEE -2024 ANNUAL REPORT
May 2024

The prime purpose of the Committee is to ensure that our community continues to be a beautiful, natural setting that was established over a century ago.

The Committee works with community members to maintain their properties in accordance with the Deed Restrictions were set in place to maintain the natural setting.

Our lake community continues to attract home buyers because of its unique natural characteristics.

The Committee is focused on maintaining our natural lake setting. The majority of the Committees work involves tree removal/replacement and dock repair/replacement requests and inspections which are required to ensure compliance and fairness of the implementation of our deed restrictions and rules as we protect our natural setting.

The number of requests in any given month to trim or remove trees is more than our volunteers can handle. To provide timely responses to the members we have engaged the help of Target Property Management Company.

Our Target Property Management representative, Carri Alper, works with members to document requests, approvals and necessary actions to be taken by the member or the Board of Trustees to comply with the approval.

Every Taunton Times newsletter has the phone number for Target Management listed (856) 988 8000).

Committee Members: Paul Lucas, Marty Hamilton, Phil Myers

Respectfully submitted,

Steve Lennon, Co-Chairperson