

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

**LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants
San Francisco, California**

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

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YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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LEVY, ERLANGER & COMPANY LLP
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board Of Directors

Kingswood Village Property Owners Association
Kings Beach, California

We have reviewed the accompanying financial statements of **Kingswood Village Property Owners Association** (the Association) which comprise the balance sheets as of September 30, 2021 and 2020, and the related statements of revenues, expenses and changes in fund balances and cash flows, for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed or compiled the required supplementary information, and we do not express an opinion, a conclusion, nor provide any assurance on it.

A handwritten signature in black ink that reads "Lee Elmer Company LLP". The signature is written in a cursive, flowing style.

January 21, 2022

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

BALANCE SHEETS SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>			<u>2020</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 275,927	\$ 1,183,272	\$ 1,459,199	\$ 1,205,691
Investment in certificates of deposit (Note 2)		335,000	335,000	545,000
Investment in mutual funds (Note 2)		18,202	18,202	18,200
Assessments receivable, less allowance for doubtful accounts of \$2,100 and \$-0-, respectively (Note 2)	3,004		3,004	4,728
Special assessments receivable, less allowance for doubtful accounts of \$4,200 and \$5,000, respectively (Note 2)	23		23	42
Prepaid insurance	278,297		278,297	257,510
Prepaid income taxes	37	3,653	3,690	5,021
Property and equipment, net of accumulated depreciation of \$242,911 and \$239,223, respectively (Note 8)		84,578	84,578	88,266
Total assets	<u>\$ 557,288</u>	<u>\$ 1,624,705</u>	<u>\$ 2,181,993</u>	<u>\$ 2,124,458</u>
LIABILITIES				
Accounts payable	\$ 14,778	\$ -	\$ 14,778	\$ 35,173
Assessments paid in advance	20,026		20,026	22,915
Deferred cable revenue (Note 6)	3,570		3,570	7,140
Payroll taxes and benefits payable	(1,586)		(1,586)	2,242
Contract liabilities - replacement reserve assessments paid in advance (Notes 2 and 4)		1,702,040	1,702,040	1,507,214
Due to (due from) other fund	161,913	(161,913)		
Future major repairs and replacements (Note 3)	-	-	-	-
Total liabilities	<u>198,701</u>	<u>1,540,127</u>	<u>1,738,828</u>	<u>1,574,684</u>
COMMITMENTS (NOTE 5)	-	-	-	-
FUND BALANCE (DEFICIT)	<u>358,587</u>	<u>84,578</u>	<u>443,165</u>	<u>549,774</u>
Total liabilities and fund balance	<u>\$ 557,288</u>	<u>\$ 1,624,705</u>	<u>\$ 2,181,993</u>	<u>\$ 2,124,458</u>

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020
	Operations Fund	Replacement Fund	Total Funds	Total Funds
REVENUES				
Assessments (Notes 2 and 4)	\$ 995,373	\$ 77,073	\$ 1,072,446	\$ 900,527
Insurance special assessments	53,752		53,752	400,000
Bad debt recovery (expense)	(1,300)		(1,300)	(5,000)
Interest income (Note 2)	88	6,256	6,344	19,474
Late charges and other income	13,883		13,883	13,208
Total revenues	1,061,796	83,329	1,145,125	1,328,209
EXPENSES				
<u>Administration</u>				
Depreciation expense	-	3,688	3,688	3,688
Income tax provision (Note 2)	8	746	754	4,431
Insurance	724,780		724,780	320,753
Legal, accounting and professional	34,187		34,187	42,742
Management	65,986		65,986	65,811
Office, printing and postage	8,397		8,397	12,213
Payroll taxes and benefits	75,276		75,276	81,551
Property taxes	2,616		2,616	2,988
Reserve study		1,950	1,950	650
	911,250	6,384	917,634	534,827
<u>Maintenance and operations</u>				
Building repairs	11,068	-	11,068	18,879
Chimney sweeping	23,285		23,285	10,860
Equipment	2,019		2,019	4,483
Landscape maintenance	18,363		18,363	37,758
Painting	5,693		5,693	55,770
Pool maintenance	10,181		10,181	8,891

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020
	Operations Fund	Replacement Fund	Total Funds	Total Funds
EXPENSES (CONTINUED)				
<u>Maintenance and operations (continued)</u>				
Snow removal	\$ 11,546	\$ -	\$ 11,546	\$ 15,887
Streets and walks	16,607		16,607	14,725
Windows	1,500		1,500	9,500
Other maintenance and operations	16,222		16,222	22,614
	<u>116,484</u>	<u>-</u>	<u>116,484</u>	<u>199,367</u>
 <u>Utilities</u>				
Garbage collection	85,808	-	85,808	82,804
Gas and electricity	18,130		18,130	14,444
Water and sewer	32,466		32,466	26,784
	<u>136,404</u>	<u>-</u>	<u>136,404</u>	<u>124,032</u>
 <u>Major repairs and replacements</u>				
Balconies, decks and patios	-	18,296	18,296	61,180
Entry and security system				8,386
Golf cart				10,925
Parking lot repairs		18,741	18,741	19,950
Siding and trim		36,468	36,468	5,769
Other major repairs and replacements		7,128	7,128	4,980
	<u>-</u>	<u>80,633</u>	<u>80,633</u>	<u>111,190</u>
 Total expenses	<u>1,164,138</u>	<u>87,017</u>	<u>1,251,155</u>	<u>969,416</u>

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>			<u>2020</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (102,342)	\$ (3,688)	\$ (106,030)	\$ 358,793
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(579)	-	(579)	(1,422)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR (NOTE 4)	<u>461,508</u>	<u>88,266</u>	<u>549,774</u>	<u>192,403</u>
FUND BALANCE (DEFICIT), END OF YEAR (NOTE 4)	<u>\$ 358,587</u>	<u>\$ 84,578</u>	<u>\$ 443,165</u>	<u>\$ 549,774</u>

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021		2020
	Operations Fund	Replacement Fund	Total Funds
OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ (102,342)	\$ (3,688)	\$ (106,030)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:			
Bad debt (recovery) expense	1,300	-	1,300
Depreciation expense		3,688	3,688
Decrease (increase) in assets:			
Assessments receivable	(376)		(376)
Special assessments receivable	819		819
Prepaid insurance	(20,787)		(20,787)
Prepaid income taxes	13	1,318	1,331
Increase (decrease) in liabilities:			
Accounts payable	(20,395)		(20,395)
Assessments paid in advance	(2,889)		(2,889)
Deferred revenue	(3,570)		(3,570)
Payroll taxes and benefits payable	(3,828)		(3,828)
Contract liabilities - replacement reserve assessments paid in advance		194,826	194,826
Due to (due from) other fund	38,067	(38,067)	
Total adjustments	(11,646)	161,765	150,119
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(113,988)	158,077	44,089
INVESTING ACTIVITIES			
Net (purchase) sale of certificates of deposit	-	210,000	210,000
Net (purchase) sale of mutual funds		(2)	(2)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	209,998	209,998

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

**STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>			<u>2020</u>
	<u>Operations Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>	<u>Total Funds</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (113,988)	\$ 368,075	\$ 254,087	\$ 746,566
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	(579)	-	(579)	(1,422)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>390,494</u>	<u>815,197</u>	<u>1,205,691</u>	<u>460,547</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 275,927</u>	<u>\$ 1,183,272</u>	<u>\$ 1,459,199</u>	<u>\$ 1,205,691</u>
<u>Supplemental Disclosures</u>				
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ (5)</u>	<u>\$ (572)</u>	<u>\$ (577)</u>	<u>\$ 8,000</u>

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

1. THE ASSOCIATION

Kingswood Village Property Owners Association (the Association) is a common interest development located in Kings Beach, California which consists of 238 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in August 1977 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association owners as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

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 owners whose assessments are delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The estimate of allowance for doubtful accounts, if any, is based, generally on amounts past due greater than 90 to 120 days.

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of September 30, 2021 totaled approximately \$47,000.

Contract liabilities - replacement reserve assessments paid in advance. The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability - replacement reserve assessments paid in advance is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and the differences could be material.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the 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 two funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and cash equivalents, and investments.

For federal purposes, the Association may elect to be taxed as either a regular corporation or as a homeowners association. In the former instance, it is taxed at a flat 21% rate on net nonmember income; in the latter case it is taxed at a flat 30% rate on net nonexempt function income (which is generally similar to net nonmember income). California income tax approximates 9% of net nonmember income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations and replacement funds, net of related income taxes, is retained in said respective funds. With the implementation of FASB ASC 606 new accounting guidance, reported replacement reserve interest income may be less than earned.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value, and money market mutual funds stated at market value which approximates cost.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board Of Directors is restricted. The Association capitalizes personal property and depreciates it using the straight-line method over the estimated useful lives of the assets.

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board Of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected major component cost increases (aka inflation) and interest earning rate(s) on replacement fund cash balances.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed pro forma operating budget and related assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

4. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) has issued new guidance that created Accounting Standards Codification (ASC) Topic 606. This new guidance supercedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations (CIRAs), Revenue Recognition, and now requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services (i.e. the accumulation of unspent replacement reserve cash and investments from assessment payments over time which are eventually to be used for common area major repairs and replacements).

The Association has adopted the new guidance as of October 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of October 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenues and contract liabilities - replacement reserve assessments paid in advance.

2019-2020 Assessment Revenues Reconciliation

	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 799,889	\$ 254,184	\$ 1,054,073
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	1,422	1,422
Adjust <u>revenues to equal expenses</u>	-	(154,968)	(154,968)
Total effects of new guidance	-	(153,546)	(153,546)
Assessment revenues <u>per financial statements</u>	<u>\$ 799,889</u>	<u>\$ 100,638</u>	<u>\$ 900,527</u>

2020-2021 Assessment Revenues Reconciliation

	Operations Fund	Replacement Fund	Total Funds
Assessment revenues <u>per budget</u>	\$ 995,373	\$ 271,320	\$ 1,266,693
Effects of applying <u>new guidance</u>			
Reclassify <u>interfund transfers</u>	-	579	579
Adjust <u>revenues to equal expenses</u>	-	(194,826)	(194,826)
Total effects of new guidance	-	(194,247)	(194,247)
Assessment revenues <u>per financial statements</u>	<u>\$ 995,373</u>	<u>\$ 77,073</u>	<u>\$ 1,072,446</u>

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

4. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (CONTINUED)

The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance. The modified retrospective method of transition also requires disclosure of the effect of applying the new guidance on each item included in the 2019-2020 financial statements. The adoption of the new revenue recognition guidance resulted in the following changes to the 2019-2020 financial statements:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects Of Applying New Guidance</u>	<u>As Reported</u>
<u>Balance Sheet</u>			
Contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ 1,507,214	\$ 1,507,214
Total liabilities	\$ 67,470	\$ 1,507,214	\$ 1,574,684
Ending fund balances	\$ 2,056,988	\$ (1,507,214)	\$ 549,774
<u>Statement Of Revenues, Expenses And Changes In Fund Balances</u>			
<u>Revenues</u>			
Assessments	\$ 1,054,073	\$ (153,546)	\$ 900,527
Insurance special assessments	400,000	-	400,000
Interest income (Note 2)	19,474	-	19,474
Other revenues	8,208	-	8,208
Total revenues	<u>1,481,755</u>	<u>(153,546)</u>	<u>1,328,209</u>
<u>Expenses</u>			
Operating expenses	849,501	-	849,501
Replacement reserve expenses	<u>119,915</u>	<u>-</u>	<u>119,915</u>
Total expenses	<u>969,416</u>	<u>-</u>	<u>969,416</u>
Excess (deficiency) of revenues over expenses	512,339	(153,546)	358,793
Interfund reclassifications and transfers	-	(1,422)	(1,422)
Beginning fund balances	<u>1,544,649</u>	<u>(1,352,246)</u>	<u>192,403</u>
Ending fund balances	<u>\$ 2,056,988</u>	<u>\$ (1,507,214)</u>	<u>\$ 549,774</u>
<u>Statement Of Cash Flows</u>			
Excess (deficiency) of revenues over expenses	\$ 512,339	\$ (153,546)	\$ 358,793
Change in contract liabilities - replacement reserve assessments paid in advance	\$ -	\$ 154,968	\$ 154,968

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020

5. COMMITMENTS

The Association enters into contracts for management and/or maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' advance notice.

6. DEFERRED CABLE REVENUE

In March 2013 the Association entered into an agreement with Charter Communications to provide broadband communication services to the project for a period of ten years. In return, Charter has paid the Association \$35,700 which will be recognized as income over the term of the agreement.

7. SPECIAL ASSESSMENTS

In March 2020 the Association's board of directors approved an emergency special assessment totaling \$400,000 (\$1,680.67 per unit) for the unexpected significant increased cost of purchasing casualty and liability insurance.

In March 2021 the Association's board of directors approved an emergency special assessment totaling \$53,752 (\$225.85 per unit) for the unexpected significant increased cost of purchasing casualty and liability insurance.

8. PROPERTY AND EQUIPMENT

Property and equipment, stated at cost and depreciated using the straight-line method, as of September 30, 2021 and 2020, respectively consist of the following:

	<u>2021</u>	<u>2020</u>
Residential lots	\$ 15,014	\$ 15,014
Common area land	62,185	62,185
Maintenance building	213,407	213,407
Equipment and truck	36,883	36,883
	<u>327,489</u>	<u>327,489</u>
Accumulated depreciation	<u>(242,911)</u>	<u>(239,223)</u>
Net property and equipment	<u>\$ 84,578</u>	<u>\$ 88,266</u>

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

9. COVID-19

In December 2019 a novel strain of coronavirus surfaced and has spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization in January 2020. The effect of this virus on the financial position and/or results of operations of the Association is unknown at this time.

10. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 21, 2022, the date that the financial statements were available to be issued.

See independent accountant's review report.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS SEPTEMBER 30, 2021 (UNAUDITED)

The following information on common area major components was compiled by the Board of Directors and management of Kingswood Village Property Owners Association **as of May 2021** and has served as the basis for the current estimates of replacement reserve funding:

	May 13, 2021				09/30/21
			Fiscal 21	2021	Fully
		Usefl	Rmng	Inflation Adjtd	Funded
		Life	Life	Cost	Balance
Common Area Items					
201	Parking Lot – Major Replacemnts/Overlay	20	4	519437.91	415550.328
202	Parking Lot – Sealing/Striping	5	2	21920.12	13152.072
203	Walkways Replacement/Overlay	20	4	\$164,401	\$131,521
204	Walkways – Repair/Sealing	5	2	\$10,960	6576.036
320	Common Area Lighting Infrastructure	20	4	84609.474	67687.5792
409	Picnic Table/BBQ – Replace	15	15	3748.521	0
503	Metal Fence/Rails – Replace	20	0	27953.2566	27953.2566
505	Wood Fence – Replace	20	3	14672.7822	12471.86487
940	Storage Shed – Replace	20	6	13923.078	9746.1546
1003	Irrigation Controllers	12	12	5355.03	0
1402	Bulletin Boards & Kiosks	20	11	7497.042	3373.6689
1403	Monument Sign	20	14	9639.054	2891.7162
1702	Bridge Repair	20	1	9639.054	9157.1013
Townhomes					
105	Balcony Reconstruction	40	17	610473.42	351022.2165
106	Balcony Decks	10	1	82467.462	74220.7158
107	Entry Ways/Bridges/Railings	20	2	64260.36	57834.324
324	Wall Lights – Replace	20	4	53550.3	42840.24
1118	Wood Siding Replacements	40	21	374852.1	178054.7475
1119	Miscell Structure/Infrastr Repair	14	9	107100.6	38250.21429
*1305	Reroof Group A	39	21	669378.75	308944.0385
*1310	Reroof Group B	39	22	642603.6	280109.2615
*1315	Reroof Group C	39	23	578343.24	237269.0215
*1320	Reroof Group D	39	24	49266.276	18948.56769
*1325	Reroof Maintenance Bldg	39	25	21420.12	7689.273846
*1330	Reroof Pool/Spa Bldg	39	25	20349.114	7304.810154

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS SEPTEMBER 30, 2021 (UNAUDITED)

Interior Surfaces					
801	Maintenance Bldg – Flooring	15	0	8835.7995	8835.7995
803	Water Heater MB – Replace	15	3	1071.006	856.8048
804	Hanging Furnace	15	2	5355.03	4641.026
807	Water Heater – Pool Building	15			
902	Exercise Equipment – Replace	15	15	6961.539	0
905	Sauna Equip/Heaters – Replace	20	0	4551.7755	4551.7755
906	Sauna Room – Refurbish	20	0	11781.066	11781.066
909	Restrooms (MB) – Refurbish	15	0	25168.641	25168.641
910	Restrooms (PB) – Refurbish	15	5	18742.605	12495.07
911	Kitchen Appliances (Partial) Replace	10	0	3748.521	3748.521
912	Maintenance Bldg – Kitchen	30	0	18742.605	18742.605
1110	Interior Surfaces – Repaint	15	0	9585.5037	9585.5037
Pool/Rec					
103	Pool Deck – Repair/Caulk	15	9	19278.108	7711.2432
404	Pool Furniture – Replace	10	10	10710.06	0
1202	Pool Walls - Resurface	15	9	26775.15	10710.06
1203	Wade Pool Walls – Resurface	20	1	2677.515	2543.63925
1207	Pool Filter – Replace	12	12	1285.2072	0
1207	Wade Pool Filter – Replace	12	12	1071.006	0
1208	Pool Heater – Replace	10	9	4284.024	428.4024
1208	Wade Pool Heater – Replace	10	9	4284.024	428.4024
1210	Pool Pumps – Replace	10	10	2142.012	0
1209	Pool/Wader Chlorinators – Replace	10	10	1071.006	0
1210	Pool/Wader Pumps – Replace	10	10	4605.3258	0
1604	Tennis Court Surface – Replace	15	12	128520.72	25704.144
1605	Tennis Court Fence – Replace	30	10	21420.12	14280.08
Equipment					
1410	Skid Steer Loader – Replace	10	0	14994.084	14994.084
*1450	Front Loader – Replace	15	13	128520.72	17136.096
1510	Truck (2006) – Replace	10	0	40698.228	40698.228
1515	Truck (2014) – Replace	10	5	40698.228	20349.114
1610	Snow Plow A – Replace	10	5	8568.048	4284.024
1615	Snow Plow B – Replace	10	0	8768.048	8768.048
1710	Utility Cart A – Replace	10	10	3836.021	0
1715	Utility Cart B – Replace	10	10	3748.521	0
1720	Utility Cart C - Replace	10	0	3748.521	3748.521
1816	Snow Blowers – Replace	3	0	4819.527	4819.527
*1900	Speed Bumps	10	4	8032.545	4819.527
				\$4,776,922	\$2,584,398

See independent accountant's review report and accompanying notes.

KINGSWOOD VILLAGE PROPERTY OWNERS ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS SEPTEMBER 30, 2021 (UNAUDITED)

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **before-tax interest rate** of **2-1/2%** on replacement fund cash balances and an annual **inflation rate** of **3%** on major component replacement costs. The replacement fund **cash** and investment balances at September 30, 2021 totaled **\$1,536,474**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$2,584,000**. The portion of **2022** regular **assessments** budgeted to be allocated to the replacement fund totals **\$291,312**.

See independent accountant's review report and accompanying notes.