

**TOWNHOMES OF BAYSHORE CONDOMINIUM
OWNERS ASSOCIATION, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION, INC.
FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Townhomes of Bayshore Condominium Owners Association, Inc.
Millsboro, Delaware

We have reviewed the accompanying statement of financial position of Townhomes of Bayshore Condominium Owners Association, Inc as of December 31, 2023 and the related statements of activities 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 the Organization's 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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 report.

We are required to be independent of Townhomes of Bayshore Condominium Association, Inc. and to meet our other ethical requirements related to our review

Accountants' 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 conformity with accounting principles generally accepted in the United States of America.

The supplementary information for the year ended December 31, 2023 included in the accompanying schedules is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

The Godwin Firm, PA
Certified Public Accountants

Georgetown, Delaware
July 2, 2024

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION, INC.

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BALANCE SHEET
DECEMBER 31, 2023

ASSETS

<u>Current Assets</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2023 Total</u>
Cash - operating	\$ 61,817	\$ -	\$ 61,817
Cash - replacement fund		172,018	172,018
Certificate of deposit	-	280,058	280,058
Accrued interest receivable	-	-	-
Assessments receivable	10	-	10
Prepaid insurance	6,915	-	6,915
Prepaid expenses	2,944	-	2,944
Due from other fund	115	-	115
<u>TOTAL ASSETS</u>	<u>71,801</u>	<u>452,076</u>	<u>523,877</u>

LIABILITIES AND FUND BALANCES

Current Liabilities

Accounts payable	4,316	-	4,316
Income tax payable	-	2,593	2,593
Prepaid assessments	22,405	-	22,405
Due to other fund	-	115	115
<u>TOTAL LIABILITIES</u>	<u>26,721</u>	<u>2,708</u>	<u>29,429</u>

Fund Balances

Working Capital Fund Balance	26,050		26,050
Operating Fund Balance	19,030	-	19,030
Capital Reserve Fund Balance	-	449,368	449,368
<u>TOTAL FUND BALANCE</u>	<u>45,080</u>	<u>449,368</u>	<u>494,448</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 71,801</u>	<u>\$ 452,076</u>	<u>\$ 523,877</u>

See Independent Accountants' Review Report and accompanying notes to financial statements.

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023

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<u>Revenues</u>	<u>Operating Fund</u>	<u>Capital Reserve Fund</u>	<u>2023 Total</u>
Member assessments	\$ 119,440	\$ 155,046	\$ 274,486
Interest, late fees, and other income	1,130	14,262	15,392
<u>Total Revenues</u>	<u>120,570</u>	<u>169,308</u>	<u>289,878</u>
<u>Expenses</u>			
Administrative	6,709	2,505	9,214
Income tax expense	-	2,593	2,593
Capital improvements	-	504,056	504,056
Insurance	51,270	-	51,270
Maintenance	69,943	-	69,943
<u>Total Expenses</u>	<u>127,922</u>	<u>509,154</u>	<u>637,076</u>
<u>Excess Of Revenue Over Expenses</u>	(7,352)	(339,846)	(347,198)
<u>Fund Balance At January 1st</u>	52,432	789,214	841,646
<u>Inter fund transfer</u>	-	-	-
<u>Fund Balance At December 31st</u>	<u>\$ 45,080</u>	<u>\$ 449,368</u>	<u>\$ 494,448</u>

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION, INC.

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STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>2023</u> <u>Total</u>
<u>Operating Activities</u>			
Revenues over expenses	\$ (7,352)	\$ (339,846)	\$ (347,198)
Add items not affecting cash:			
Increase (decrease)			
Income tax liability	-	(850)	(850)
Accounts payable	(365)	2,282	1,917
Prepaid expenses	16,116	4,094	20,210
Prepaid assessments	10,970	-	10,970
<u>Net Cash Provided By (Used In) Operating Activities</u>	<u>19,369</u>	<u>(334,320)</u>	<u>(314,851)</u>
<u>Investing Activities</u>			
(Investment) redemption in certificates of deposit	-	-	-
<u>Total Cash Provided (Used) In:</u>	<u>19,369</u>	<u>(334,320)</u>	<u>(314,951)</u>
<u>Cash And Cash Equivalents At January 1</u>	<u>42,448</u>	<u>786,396</u>	<u>828,844</u>
<u>Cash And Cash Equivalents At December 31</u>	<u>\$ 61,817</u>	<u>\$ 452,076</u>	<u>\$ 513,893</u>
<u>Supplemental Information:</u>			
Interest Paid	\$ -		
Income Tax Paid	\$ -		

See Independent Accountant's Review Report and accompanying notes to financial statements.

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A NATURE OF ORGANIZATION

The Townhomes of Bayshore Condominium Owners Association was organized in the State of Delaware on November, 2003. The Association is responsible for the operation and maintenance of the common property of Townhomes of Bayshore Condominium. The Townhomes of Bayshore Condominium consists of 146 residential units located in Millsboro, Delaware.

NOTE B DATE OF MANAGERMENTS'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosures through July 2, 2024, the date that the financial statements were available to be issued.

NOTE C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented using the accrual method of accounting. Revenues are recognized when earned, and expenses are recognized when the product or service has been received and the liability incurred.

Fund Accounting

The Association maintains its accounts using fund accounting, which requires that funds, such as operating, operating reserve and replacement funds, be classified separately for accounting and reporting purposes. The operating fund is used to account for financial resources available for general operations of the association. The operating reserve fund is used to account for excess operating expenses. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements:

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 reporting period. Actual results could differ from those estimates.

See Independent Accountants' Review Report

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's bylaws provide for various collection remedies for delinquent assessments including filing and claiming a lien for such assessments. Any excess assessments at year end are retained by the Association for use in the succeeding year. A significant amount was considered uncollectible at December 31, 2023. Prepaid assessments at the balance sheet date represent subsequent year's assessments paid prior to current year end. At December 31, 2023, the Association had prepaid assessments of \$22,405.

NOTE D INCOME TAXES

The Association has elected to file as a homeowners' association under Code Section 528 for the tax year ended December 31, 2023. Non-membership net income, such as interest, is taxable at a 30.% tax rate. For the year ended December 31, 2023, there was \$2,563 in taxes due.

NOTE E FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association is accumulating funds in a Capital Reserve Fund to finance estimated future major repairs and replacements. In September of 2023 the Association engaged an outside consulting firm to conduct a study to determine the remaining useful lives of the components of common property and estimates the costs of major repairs and replacements that may be required in the future in order to develop a plan to fund those needs. The Association may borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined. On December 31, 2023 the capital reserve cash fund balance was \$452,076.

NOTE F RELATED PARTY

During the calendar year of 2023, the spouse of the association's board member worked as the bookkeeper for the Association. As of December 31, 2023, she was not paid for her services.

See Independent Accountant's Review Report

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE G LEGAL MATTER

Litigation is the matter of Patricia Hoffman v. John M. Dill, and Townhomes of Bayshore Condominium Owners Association, Inc. C.A. No. N24C-01-169 is ongoing. The Association has engaged defense council for the matter. The Association's insurer, Philadelphia Insurance, has been made aware of the claims of made by Ms. Hoffman. There will be expenses associated with the Association's defense of the litigation, and a Resolution, was passed by Council on that subject. The resolution is available on the website of the Association.

NOTE H SUBSEQUENT EVENTS

The Associations policy is to evaluate events and transactions subsequent to year end for potential recognition in the financial statements or disclosures in the notes to the financial statements. Management has evaluated all events through the date of the report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TOWNHOMES OF BAYSHORE CONDOMINIUM OWNERS ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2023

An outside consulting firm conducted a study in September 2023 to estimate the remaining useful lives and the replacement costs of the components of common property. Funding requirements do consider interest and inflation. The estimates were obtained from Whyland Consulting Group who inspected the property.

The following is extracted from this study and presents significant information about the components of common property. The following is unaudited.

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIFE</u>	<u>ESTIMATED CURRENT REPLACEMENT COST</u>
Building	0-48	\$ 4,942,090
Grounds	0-25	202,030
	TOTAL	\$ 5,144,120

The Capital Replacement Fund Balance on December 31, 2023 is \$449,368.