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### Independent Auditor's Report

To the Board of Directors of  
Newington Forest Community Association, Inc.

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Newington Forest Community Association, Inc., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, members' equity and cash flows for the years 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 fraud or error.

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newington Forest Community Association, Inc. as of December 31, 2020 and 2019, 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.

## **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on page 12 be presented to supplement the basic financial statements. Such information, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Income and Members' Equity by Category on pages 13 - 15 and The Schedule of Changes in Replacement Reserve Components on page 16 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Goldklang Group CPAs, P.C.*

Reston, Virginia  
July 20, 2021

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 968,171	\$ 934,260
Interest-Bearing Deposits	3,720,000	3,470,000
Investments - Debt Securities	599,295	396,571
Assessments Receivable - Net	52,757	57,004
Accounts Receivable - Other	1,933	1,906
Accrued Interest	16,525	20,859
Income Taxes Receivable	-	242
Prepaid Expenses	<u>12,271</u>	<u>10,465</u>
 Total Assets	 <u>\$ 5,370,952</u>	 <u>\$ 4,891,307</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable	\$ 77,335	\$ 44,156
Income Taxes Payable	22,861	2,274
Prepaid Assessments	<u>78,797</u>	<u>69,119</u>
Total Liabilities	<u>\$ 178,993</u>	<u>\$ 115,549</u>
 Replacement Reserves - Common	 \$ 1,883,676	 \$ 1,787,331
Replacement Reserves - Detached Homes	183,895	181,687
Replacement Reserves - Townhomes	2,973,529	2,721,534
Unappropriated Members' Equity	<u>150,859</u>	<u>85,206</u>
Total Members' Equity	<u>\$ 5,191,959</u>	<u>\$ 4,775,758</u>
 Total Liabilities and Members' Equity	 <u>\$ 5,370,952</u>	 <u>\$ 4,891,307</u>

See Accompanying Notes to Financial Statements

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>INCOME:</u>		
Assessments	\$ 1,375,390	\$ 1,391,708
Late, Legal and Violations	11,025	21,013
Antenna Rental	23,190	22,863
Pool/Tennis Courts/Party Room	2,166	29,491
Disclosure Packets	21,430	15,871
Newsletter	3,065	3,616
Interest	77,561	79,957
Other	<u>7,268</u>	<u>7,627</u>
Total Income	<u>\$ 1,521,095</u>	<u>\$ 1,572,146</u>
<u>EXPENSES:</u>		
Management	\$ 39,496	\$ 39,617
Legal, Audit and Tax Preparation	38,135	44,748
Insurance	20,064	19,475
Administrative	14,214	16,688
Payroll and Related	222,914	211,457
Utilities	35,114	38,752
Grounds Maintenance	216,307	195,882
Trash Removal	302,822	302,318
Snow Removal	-	17,824
Pool and Clubhouse	50,144	94,199
Common Area Maintenance	56,970	52,490
Bad Debt	8,811	734
Income Taxes	<u>22,861</u>	<u>22,032</u>
Total Expenses	<u>\$ 1,027,852</u>	<u>\$ 1,056,216</u>
Net Income before Contribution to Reserves	\$ 493,243	\$ 515,930
Contribution to Reserves	<u>(427,590)</u>	<u>(428,120)</u>
Net Income	<u>\$ 65,653</u>	<u>\$ 87,810</u>

See Accompanying Notes to Financial Statements

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
STATEMENTS OF MEMBERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Replacement Reserves - Common</u>	<u>Replacement Reserves - Detached Homes</u>	<u>Replacement Reserves - Townhomes</u>	<u>Unappropriated Members' Equity</u>	<u>Total Members' Equity</u>
Balance as of December 31, 2018	\$ 1,597,181	\$ 179,247	\$ 2,389,686	\$ 103,840	\$ 4,269,954
Additions:					
Contribution to Reserves	132,326	2,440	293,354		428,120
Net Income				87,810	87,810
Inter-Equity Transfer	67,950		38,494	(106,444)	
Deductions:					
Computer/Printers	(2,330)				(2,330)
Trails, Signs and Ball Fields	(2,046)				(2,046)
Pool Equipment	(4,300)				(4,300)
Tennis/Other Courts	(1,450)				(1,450)
Balance as of December 31, 2019	\$ 1,787,331	\$ 181,687	\$ 2,721,534	\$ 85,206	\$ 4,775,758
Additions:					
Contribution to Reserves	127,859	2,208	297,523		427,590
Net Income				65,653	65,653
Deductions:					
Community Center	(10,255)				(10,255)
Tennis/Other Courts	(21,259)				(21,259)
Streets/Parking			(36,657)		(36,657)
Tot Lot Maintenance			(831)		(831)
Tot Lot Mulch			(8,040)		(8,040)
Balance as of December 31, 2020	<u>\$ 1,883,676</u>	<u>\$ 183,895</u>	<u>\$ 2,973,529</u>	<u>\$ 150,859</u>	<u>\$ 5,191,959</u>

See Accompanying Notes to Financial Statements

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income	\$ 65,653	\$ 87,810
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Bad Debt Expense	8,811	734
Investment Discount Amortization	(5,666)	(10,610)
Decrease (Increase) in:		
Assessments Receivable	(4,564)	(13,528)
Accounts Receivable - Other	(27)	854
Accrued Interest	4,334	(3,411)
Income Taxes Receivable	242	(242)
Prepaid Expenses	(1,806)	(630)
Increase (Decrease) in:		
Accounts Payable	33,179	10,069
Income Taxes Payable	20,587	115
Prepaid Assessments	9,678	10,361
Net Cash Flows from Operating Activities	<u>\$ 130,421</u>	<u>\$ 81,522</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Received from Assessments (Reserves)	\$ 370,590	\$ 365,120
Received from Interest (Reserves)	57,000	63,000
Disbursed for Reserve Expenditures	(77,042)	(10,125)
Received from Interest-Bearing Deposits/Investments	1,850,000	1,050,000
Disbursed for Interest-Bearing Deposits/Investments	<u>(2,297,058)</u>	<u>(1,391,770)</u>
Net Cash Flows from Investing Activities	<u>\$ (96,510)</u>	<u>\$ 76,225</u>
Net Change in Cash and Cash Equivalents	\$ 33,911	\$ 157,747
Cash and Cash Equivalents at Beginning of Year	<u>934,260</u>	<u>776,513</u>
Cash and Cash Equivalents at End of Year	<u>\$ 968,171</u>	<u>\$ 934,260</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash Paid for Income Taxes	<u>\$ 2,274</u>	<u>\$ 22,237</u>

See Accompanying Notes to Financial Statements

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

NOTE 1 - NATURE OF OPERATIONS:

The Association was organized under the laws of the Commonwealth of Virginia for the purposes of maintaining and preserving the common property of the Association. The Association is located in Springfield, Virginia, and consists of 791 detached homes and 1,017 townhomes. The Board of Directors administers the operations of the Association.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

B) Member Assessments - Association members are subject to annual 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 assessments are satisfied over time on a daily pro-rata basis using the input method. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are 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 include consideration of past experience and susceptibility to factors outside the Association's control.

C) Common Property - Real property and common areas acquired from the declarant and related improvements to such property are not recorded in the Association's financial statements since the property cannot be disposed of at the discretion of the Board of Directors. Common property includes, but is not limited to, land, streets, recreational facilities and other site improvements.

D) Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities. They also affect the 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.

E) Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid investments and interest-bearing deposits with an original maturity date of three months or less to be cash equivalents.

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019  
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F) Investments - The Association's marketable securities have been classified and accounted for either as available-for-sale or held-to-maturity. Debt securities are classified as held-to-maturity when the Association has the positive intent and the ability to hold the securities to maturity. Securities not classified as held-to-maturity are classified as available-for-sale. The cost of securities sold is based upon the specific identification method. The Association reviews its marketable securities annually to determine if any security has experienced an other-than-temporary decline in fair value. If a determination is made that the decline is other-than-temporary, the Association writes down the investment to its market value and records the related write-down as an investment loss in its Statement of Income.

NOTE 3 - REPLACEMENT RESERVES:

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are generally not available for expenditures for normal operations.

The Association had a replacement reserve study conducted by Reserve Advisors, Inc. in 2018. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on this study.

The study recommends a total contribution to reserves of \$412,526 for 2020. The Board of Directors annually reviews the scheduled replacements and annual funding requirements included in the reserve study and makes adjustments based on actual expected needs. During 2020, the Association budgeted to contribute \$370,590 to reserves. In addition, the Association elected to contribute interest income (net of related income taxes) of \$57,000 to reserves during 2020.

Funds are being accumulated in replacement reserves based on estimates of future needs for repair and replacement of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material; therefore, amounts accumulated in the replacement reserves may or may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board of Directors, on behalf of the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

As of December 31, 2020 and 2019, the Association had designated the following for replacement reserves. These designated reserves were funded by cash, interest-bearing deposits and investments.



NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019  
(CONTINUED)

NOTE 3 - REPLACEMENT RESERVES: (CONTNUED)

	<u>2020</u>	<u>2019</u>
Common	\$ 1,883,676	\$ 1,787,331
Detached Homes	183,895	181,687
Townhomes	<u>2,973,529</u>	<u>2,721,534</u>
Total Replacement Reserves	<u>\$ 5,041,100</u>	<u>\$ 4,690,552</u>

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt homeowners' association or as an association taxable as a corporation. As an exempt homeowners' association, the Association's net assessment income would be exempt from income tax, but its interest income would be taxed. Electing to file as a corporation, the Association is taxed on its net income from all sources (to the extent not capitalized or deferred) at normal corporate rates after corporate exemption, subject to the limitation that operating expenses are deductible only to the extent of income from members. For 2020 and 2019, the income tax was calculated using the corporate method.

The Association's policy is to recognize any tax penalties and interest as an expense when incurred. The Association's federal and state tax returns for the past three years remain subject to examination by the Internal Revenue Service and the Commonwealth of Virginia.

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of December 31, 2020, the Association maintained its funds in the following manner:

<u>Institution</u>	<u>Cash and Cash Equivalents</u>	<u>Interest- Bearing Deposits</u>
Union Bank	\$ 578,619	\$ -
BB&T	389,552	
BB&T Securities (Various Institutions)		<u>3,720,000</u>
Totals	<u>\$ 968,171</u>	<u>\$ 3,720,000</u>

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019  
(CONTINUED)

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS: (CONTINUED)

Balances at banks are insured by the FDIC for up to \$250,000 per financial institution. Amounts in excess of the insured limits were \$462,519 and \$432,898 as of December 31, 2020 and 2019, respectively.

Cash and securities held at a SIPC member brokerage firm are insured by the SIPC for up to \$500,000, which includes \$250,000 limit for cash. The Association maintains funds in a brokerage account which are subject to SIPC limits.

NOTE 6 - ASSESSMENTS RECEIVABLE - NET:

The Association utilizes the allowance method of accounting for bad debt. Individual receivables are written off as a loss when a determination is made that they are non-collectible. Under the allowance method, collection efforts may continue and recoveries of amounts previously written off are recognized as income in the year of collection.

	2020	2019
Assessments Receivable	\$ 86,654	\$ 82,774
Less: Allowance for Doubtful Assessments	(33,897)	(25,770)
Assessments Receivable - Net	\$ 52,757	\$ 57,004

NOTE 7 - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate—Common Interest Realty Associations, Revenue Recognition*, and 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.

The Association adopted the new guidance as of January 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 unappropriated members' equity 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 January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment, as previously described.

The adoption of the new revenue recognition guidance resulted in no changes to balances as of January 1, 2019.

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019  
(CONTINUED)

NOTE 8 - INVESTMENTS:

Held-to-maturity debt securities are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity. In accordance with ASC 820-10, the fair value of the debt securities was obtained using Level 1 Inputs. The amortized cost, gross unrealized gains and losses, and fair value of the held-to-maturity debt securities are summarized below:

<u>Held-to-Maturity Debt Securities</u>				
	<u>Amortized</u>	<u>Gross</u>	<u>Gross</u>	<u>Fair</u>
<u>December 31, 2020</u>	<u>Cost</u>	<u>Unrealized</u>	<u>Unrealized</u>	<u>Value</u>
		<u>Gains</u>	<u>Losses</u>	
U.S. Treasury Obligations	\$ 599,295	\$ -	\$ -	\$ 599,295
Total Held-to-Maturity Debt Securities	<u>\$ 599,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,295</u>
<u>December 31, 2019</u>	<u>Amortized</u>	<u>Gross</u>	<u>Gross</u>	<u>Fair</u>
	<u>Cost</u>	<u>Unrealized</u>	<u>Unrealized</u>	<u>Value</u>
		<u>Gains</u>	<u>Losses</u>	
U.S. Treasury Obligations	\$ 396,571	\$ -	\$ -	\$ 396,571
Total Held-to-Maturity Debt Securities	<u>\$ 396,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,571</u>

Contractual maturities of investments in debt securities at December 31, 2020 and 2019 are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

<u>Held-to-Maturity Debt Securities (Amortized Cost)</u>		
	<u>Amortized</u>	<u>Amortized</u>
	<u>Cost as of</u>	<u>Cost as of</u>
	<u>12/31/2020</u>	<u>12/31/2019</u>
One Year or Less	\$ 599,295	\$ 396,571
Total Investments in Debt Securities	<u>\$ 599,295</u>	<u>\$ 396,571</u>

NOTE 9 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 20, 2021, the date the financial statements were available to be issued.

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR  
REPAIRS AND REPLACEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

The Association had a replacement reserve study conducted by Reserve Advisors, Inc. during 2018 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The estimated replacement costs presented below do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement; however, the Association's replacement reserve study does take inflation into consideration when evaluating future expenditures and recommended contributions to reserves.

The following has been extracted from the Association's replacement reserve study and presents significant information about the components of common property.

<u>Component</u>	2018 Estimated Remaining Useful Life (Years)	2018 Estimated Replacement Cost
Common:		
Trails, Signs and Ball Field	2-27	\$ 421,280
Community Center	2-30+	293,472
Pool - Equipment	1-9	59,310
Pool - Structures	1-18	1,087,163
Tennis and Other Courts	1-20	304,670
Computers and Printers	0	4,300
Erosion Control	0	12,000
Reserve Study	5	6,000
Detached Homes:		
Tot Lots	2	23,000
Erosion Control	1	5,500
Townhomes:		
Retaining Walls	3-15	11,203
Streets	0-30+	2,560,830
Tot Lots	0	110,000
Tot Lot Mulch	4	8,000
Erosion Control	0	10,000

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
STATEMENTS OF INCOME AND MEMBERS' EQUITY BY CATEGORY  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Common</u>	<u>Detached Homes</u>	<u>Townhomes</u>	<u>Total</u>
<u>INCOME:</u>				
Assessments	\$ 607,990	\$ 168,045	\$ 599,355	\$ 1,375,390
Late, Legal and Violations:				
Late Fees	\$ 6,169	\$ -	\$ -	\$ 6,169
Legal Fees	4,856	-	-	4,856
Violations	-	-	-	-
Total Late, Legal and Violations	<u>\$ 11,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,025</u>
Antenna Rental	<u>\$ 23,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,190</u>
Pool/Tennis Courts/Party Room:				
Pool	\$ -	\$ -	\$ -	\$ -
Party Room	2,166	-	-	2,166
Total Pool/Tennis Courts/Party Room	<u>\$ 2,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,166</u>
Disclosure Packets	<u>\$ 21,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,430</u>
Newsletter	<u>\$ 3,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,065</u>
Interest	<u>\$ 42,280</u>	<u>\$ 2,208</u>	<u>\$ 33,073</u>	<u>\$ 77,561</u>
Other:				
Programs	\$ -	\$ -	\$ -	\$ -
Retail Sales (Pool)	-	-	-	-
NSF Fees	25	-	-	25
Work Order Fees	776	-	-	776
Other	6,467	-	-	6,467
Total Other	<u>\$ 7,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,268</u>
Total Income	<u>\$ 718,414</u>	<u>\$ 170,253</u>	<u>\$ 632,428</u>	<u>\$ 1,521,095</u>
<u>EXPENSES:</u>				
Management	<u>\$ 39,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,496</u>
Legal, Audit and Tax Preparation:				
Audit and Tax Preparation	\$ 6,450	\$ -	\$ -	\$ 6,450
Legal - Collections	21,227	-	-	21,227
Legal - General	10,458	-	-	10,458
Total Legal, Audit and Tax Preparation	<u>\$ 38,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,135</u>

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
STATEMENTS OF INCOME AND MEMBERS' EQUITY BY CATEGORY  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)

	Common	Detached Homes	Townhomes	Total
Insurance	\$ 20,064	\$ -	\$ -	\$ 20,064
Administrative:				
Board of Directors	\$ 1,195	\$ -	\$ -	\$ 1,195
Mileage Reimbursement	1,668	-	-	1,668
Committees	1,312	-	-	1,312
Office	1,639	-	-	1,639
Social	-	-	-	-
Bank Charges	142	-	-	142
Equipment Leasing	2,605	-	-	2,605
Postage	2,032	-	-	2,032
Copying/Printing	1,191	-	-	1,191
Education and Training	1,177	-	-	1,177
Payroll Processing	1,253	-	-	1,253
Total Administrative	<u>\$ 14,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,214</u>
Payroll and Related:				
Office	\$ 77,900	\$ -	\$ -	\$ 77,900
Front Desk	45,237	-	-	45,237
Facilities Manager	33,328	-	-	33,328
Maintenance	9,984	-	-	9,984
On-Call Maintenance	9,509	-	-	9,509
Grounds	11,691	-	-	11,691
Security	3,607	-	-	3,607
Payroll Taxes	14,678	-	-	14,678
Health Insurance	9,510	-	-	9,510
Retirement	3,230	-	-	3,230
Workers Compensation Insurance	4,240	-	-	4,240
Total Payroll and Related	<u>\$ 222,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,914</u>
Utilities:				
Telephone	\$ 6,198	\$ -	\$ -	\$ 6,198
Electricity	7,053	-	20,266	27,319
Water	1,597	-	-	1,597
Total Utilities	<u>\$ 14,848</u>	<u>\$ -</u>	<u>\$ 20,266</u>	<u>\$ 35,114</u>
Grounds Maintenance:				
Grounds Contract	\$ 21,539	\$ 5,385	\$ 80,856	\$ 107,780
Landscaping	627	-	-	627
Tree Maintenance	107,900	-	-	107,900
Total Grounds Maintenance	<u>\$ 130,066</u>	<u>\$ 5,385</u>	<u>\$ 80,856</u>	<u>\$ 216,307</u>

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
STATEMENTS OF INCOME AND MEMBERS' EQUITY BY CATEGORY  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)

	<u>Common</u>	<u>Detached Homes</u>	<u>Townhomes</u>	<u>Total</u>
Trash Removal	\$ -	\$ 160,611	\$ 142,211	\$ 302,822
Snow Removal	\$ -	\$ -	\$ -	\$ -
Pool:				
Management	\$ 35,600	\$ -	\$ -	\$ 35,600
Repairs	3,228	-	-	3,228
Supplies	-	-	-	-
Chemicals	-	-	-	-
Furniture	10,998	-	-	10,998
Recreation	318	-	-	318
Total Pool	<u>\$ 50,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,144</u>
Common Area Maintenance:				
Building/Common Area	\$ 6,023	\$ -	\$ 1,722	\$ 7,745
Computer	4,168	-	-	4,168
Asphalt/Concrete	-	-	42,327	42,327
Supplies	2,730	-	-	2,730
Total Common Area Maintenance	<u>\$ 12,921</u>	<u>\$ -</u>	<u>\$ 44,049</u>	<u>\$ 56,970</u>
Bad Debt	\$ 8,811	\$ -	\$ -	\$ 8,811
Income Taxes	\$ 22,861	\$ -	\$ -	\$ 22,861
Total Expenses	<u>\$ 574,474</u>	<u>\$ 165,996</u>	<u>\$ 287,382</u>	<u>\$ 1,027,852</u>
Net Income before Contribution to Reserves	\$ 143,940	\$ 4,257	\$ 345,046	\$ 493,243
Contribution to Reserves	<u>(127,859)</u>	<u>(2,208)</u>	<u>(297,523)</u>	<u>(427,590)</u>
Net Income	\$ 16,081	\$ 2,049	\$ 47,523	\$ 65,653

MEMBERS' EQUITY:

Unappropriated Members' Equity (Deficit) - Beginning of Year	<u>55,424</u>	<u>(3,476)</u>	<u>33,258</u>	<u>85,206</u>
Unappropriated Members' Equity (Deficit) - End of Year	<u>\$ 71,505</u>	<u>\$ (1,427)</u>	<u>\$ 80,781</u>	<u>\$ 150,859</u>

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.  
SCHEDULE OF CHANGES IN REPLACEMENT RESERVE COMPONENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Component	Balance 12/31/19	Budgeted Contribution	Interest Contribution (Net of Taxes)	Expenditures	Balance 12/31/20
<u>Replacement Reserves - Common:</u>					
34000-005 Computers/Printers	\$ 4,795	2,400	58	-	\$ 7,253
34000-010 Pool Furniture	-	1,000	-	-	1,000
34000-015 Trails, Signs and Ball Field	163,515	12,930	1,987	-	178,432
34000-020 Community Center	259,651	9,470	3,155	(10,255)	262,021
34000-025 Pool Equipment	58,388	4,140	710	-	63,238
34000-030 Pool Structure	807,201	49,880	9,809	-	866,890
34000-035 Erosion/Environment	202,340	9,670	2,459	-	214,469
34000-040 Reserve Study	6,497	2,400	79	-	8,976
34000-055 Tennis/Other Courts	271,412	14,250	3,298	(21,259)	267,701
34305-001 Common Area Contingency	13,532	-	164	-	13,696
Total Reserves - Common	\$ 1,787,331	106,140	21,719	(31,514)	\$ 1,883,676

<u>Replacement Reserves - Detached Homes:</u>					
34000-045 Erosion/Environment	\$ 138,104	-	1,678	-	\$ 139,782
34000-050 Tot Lot	43,583	-	530	-	44,113
Total Reserves - Detached Homes	\$ 181,687	-	2,208	-	\$ 183,895

<u>Replacement Reserves - Townhomes:</u>					
34000-060 Area Maintenance	\$ 1,683	-	20	-	\$ 1,703
34000-065 Streets/Parking	2,451,767	203,600	29,796	(36,657)	2,648,506
34000-070 Tot Lot Maintenance	153,421	6,000	1,864	(831)	160,454
34000-075 Tot Lot Mulch	29,698	4,000	361	(8,040)	26,019
34000-080 Erosion/Environment	49,986	47,850	607	-	98,443
34000-085 Snow Removal	16,167	-	196	-	16,363
34000-090 Retaining Wall	18,812	3,000	229	-	22,041
Total Reserves - Townhomes	\$ 2,721,534	264,450	33,073	(45,528)	\$ 2,973,529
Total Replacement Reserves	\$ 4,690,552	370,590	57,000	(77,042)	\$ 5,041,100