

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

For Year Ended December 31, 2022

Gerald Jackson, Jr.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Newport Isles Property Owners Association, Inc.

Opinion

I have audited the accompanying financial statements of Newport Isles Property Owners Association, Inc. which comprises the balance sheet as of December 31, 2022, and the related statements of revenues and expenses and changes in fund balance, 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 Newport Isles Property Owners Association, Inc. as of December 31, 2022, and the results of its operation and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Newport Isles Property Owners Association, Inc. and to meet my other ethical requirements, 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 the 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Newport Isles Property Owners Association, Inc. ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 the association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered to the aggregate, that raise substantial doubt about the association's 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 I identified during the audit.

Report on Supplementary Information:

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Comparison of Actual Versus Budgeted Operating Expenses and the Statement of Operating Assessments, Revenues and Expenses which is the responsibility of the Association's management, is presented for the purposes of analysis, and is not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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 my opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing that information for consistency with their responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express and opinion or provide any assurance

Gerald Jackson Jr.

Gerald Jackson Jr., CPA
May 14, 2023

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Balance Sheet
December 31, 2022

	December 31, 2022		
	Operating Fund	Replacement Fund	Total Funds
<u>ASSETS</u>			
CASH, INCLUDING INTEREST BEARING ACCOUNTS	\$ 1,257,891	\$ 1,680,299	\$ 2,938,190
ASSESSMENTS RECEIVABLE	274,694	0	274,694
LESS: ALLOWANCE	(162,525)	0	(162,525)
PREPAID INSURANCE	16,041	0	16,041
UTILITY DEPOSITS	1,960	0	1,960
DUE FROM OPERATING FUND	0	396	396
TOTAL ASSETS	\$ 1,388,061	\$ 1,680,695	\$ 3,068,756
<u>LIABILITIES, WORKING CAPITAL AND FUND BALANCES</u>			
ACCOUNTS PAYABLE/ACCRUED EXPENSES	\$ 1,890	\$ 0	\$ 1,890
SECURITY DEPOSITS	353,471	0	353,471
DEFERRED REBATE	98,683	0	98,683
ASSESSMENTS PAID IN ADVANCE	61,785	0	61,785
DUE TO REPLACEMENT FUND	396	0	396
TOTAL LIABILITIES	516,225	0	516,225
WORKING CAPITAL	310,874	0	310,874
FUND BALANCES	560,962	1,680,695	2,241,657
TOTAL LIABILITIES, WORKING CAPITAL AND FUND BALANCES	\$ 1,388,061	\$ 1,680,695	\$ 3,068,756

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Statement of Revenues, Expenses and Changes in Fund Balance
For Year Ended December 31, 2022

	2022		
	Operating Fund	Replacement Fund	Total Funds
<u>REVENUES</u>			
MAINTENANCE ASSESSMENTS - HOMEOWNERS	\$ 1,344,391	\$ 175,000	\$ 1,519,391
MAINTENANCE ASSESSMENTS - TOWNHOMES	226,591	95,000	321,591
A T & T REBATE	15,917	0	15,917
FINE INCOME	70,194	0	70,194
GATE/KEY INCOME	4,521	0	4,521
LATE FEES	8,365	0	8,365
INTEREST INCOME - BANKS	39	7,364	7,403
INTEREST INCOME -- OWNERS	5,126	0	5,126
OTHER INCOME	26,361	0	26,361
LEASE/RESALE FEES	34,361	0	34,361
TOTAL REVENUES	1,735,866	277,364	2,013,230
<u>EXPENSES</u>			
ADMINISTRATIVE	273,019	0	273,019
UTILITIES	482,513	0	482,513
BUILDING AND EQUIPMENT	258,896	0	258,896
COMMON GROUNDS	142,694	0	142,694
ACCESS CONTROLS	251,314	0	251,314
MISCELLANEOUS/CONTINGENCY	35,528	0	35,528
TOWNHOMES	191,132	0	191,132
BAD DEBT	95,000	0	95,000
RESERVES	0	(34,292)	(34,292)
TOTAL EXPENSES	1,730,096	(34,292)	1,695,804
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	5,770	311,656	317,426
FUND BALANCES, BEGINNING OF YEAR	555,192	1,369,039	1,924,231
FUND BALANCES, END OF YEAR	\$ 560,962	\$ 1,680,695	\$ 2,241,657

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Statement of Cash Flows
For Year Ended December 31, 2022

INCREASE(DECREASE) IN CASH	2022		
	Operating Fund	Replacement Fund	Total Funds
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash Receipts From Maintenance Fees	\$ 1,507,094	\$ 270,000	\$ 1,777,094
Interest Income Received	39	7,364	7,403
Other Income Received	148,928	0	148,928
Cash Payments to Vendors and Suppliers	(1,645,074)	34,292	(1,610,782)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,987	311,656	322,643
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital Contributions Collected	30,692	0	30,692
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	30,692	0	30,692
CASH FLOW FROM FINANCING ACTIVITIES:			
Interfund Borrowing	0	0	0
NET CASH FROM FINANCING ACTIVITIES	0	0	0
NET INCREASE (DECREASE) IN CASH FOR CURRENT YEAR	41,679	311,656	353,335
CASH AT BEGINNING OF YEAR	1,216,212	1,368,643	2,584,855
CASH AT END OF YEAR	\$ 1,257,891	\$ 1,680,299	\$ 2,938,190

**RECONCILIATION OF EXCESS OF ASSESSMENTS AND REVENUES
OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

CASH FLOWS FROM OPERATING ACTIVITIES

Excess (deficit) of revenues over expenses	\$ 5,770	\$ 311,656	\$ 317,426
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:			
(Increase) Decrease in:			
Assessments Receivable	(69,667)	0	(69,667)
Allowance For Uncollectible	88,990	0	88,990
Prepaid Insurance	(32,638)	0	(32,638)
Increase (Decrease) in:			
Accounts Payable/Accrued Expenses	11,983	0	11,983
Assessments Received in Advance	5,779	0	5,779
Security Deposits	(11,965)	0	(11,965)
Deferred Rebate	12,733	0	12,733
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 10,987	\$ 311,656	\$ 322,643

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND PURPOSE

Newport Isles Property Owners Association, Inc. was organized as a Florida not-for-profit corporation on November 3, 2004 and is located in Port St Lucie, Florida. The Association has been organized for the purpose of operating and maintaining the common property of the Association; to enforce the statutes and rules pursuant to Chapter 720 of the Florida Statutes, and as set forth in Articles of Incorporation, the By-Laws, and rules and regulations of the Association. The association consists of 550 single family homes and 214 townhomes for a total of 764 units.

All policy decisions are formed by the Board of Directors. Major decisions, as defined in the Association's By-Laws, are referred to the general Association membership for approval before action is taken.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The financial statements have been prepared using the accrual basis of accounting pursuant to Section 720 of the Florida Statutes. The Association's governing documents provide certain guidelines for conducting its financial activities. To ensure 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 the following funds established according to their nature and purpose:

Operating Fund

This fund is used to account for financial resources available for general operations of the Association.

Replacement Fund

This fund is used to accumulate financial resources designated for future major repairs and replacements.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned directly or indirectly by the individual unit owners in common and not by the Association. Other minor amounts of personal property and equipment acquired by the Association are recorded as operating fund expenses in the year incurred.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Member Maintenance Fees:

Association members are subject to monthly maintenance fees in advance, to provide funds for the Association's operating expenses and a reserve for major repairs and replacements. The annual budget and member maintenance fees are determined and approved by the Board of Directors. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose maintenance fees are in arrears.

Allocation of Revenues and Expenses

The revenues and expenses of the Association are allocated to the unit owners based on an equal amount for each single family home and a different but equal amount for each townhome.

Interest Earned:

The Board's policy is to allocate interest earned on replacement fund investments to the replacement fund.

Income Taxes:

Associations may elect to be taxed either as regular corporations or as a Homeowners Association. For the year ended December 31, 2022, the Association has elected to be taxed as a Homeowners Association in accordance with Internal Revenue Code Section 528. Under this section, the Association is taxed on its nonexempt function income (net of allowable deductions), such as net investment earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

In June 2006, the Financial Accounting Standards Board prescribed a comprehensive model for how a company should measure, recognize, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. The opinion was amended in 2009 to more accurately reflect the applicability to Not-For-Profit entities such as Associations. The Association has adopted this pronouncement as amended as of January 1, 2009.

Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2020, 2021, and 2022. However, the Association is not currently under audit and has not been contacted that a possible audit may be initiated. The tax liability for 2022 was zero and the Association did not have any uncertain tax positions.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 expense during the reporting period. Actual results could differ from those estimates.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

Management has evaluated the existence of any subsequent events through May 14, 2023 (the date the financial statements were available to be issued) and none were noted.

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures (SFAS No. 157)*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2022, therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2022.

NOTE 3 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Board is funding major repairs and replacements over the estimated useful lives of the components based on the Board of Directors update of current replacement costs, considering amount previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on the estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs for major repairs and replacement. If additional funds are needed, however, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

In October 2019 an independent study of reserves was done by Reserve Advisors.

The following table reflects the current year replacement fund activity by the various components.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

<u>RESERVES</u>	<u>Beginning Balance</u>	<u>Owner Funding</u>	<u>Current Year</u>		<u>Ending Balance</u>
			<u>Interest</u>	<u>Expended</u>	
Painting,Pools and Roofs- Common	\$167,298	\$45,000	\$2,229	\$0	\$214,527
Painting and Roofs-Townhomes	210,402	95,000	547	0	305,949
Roads	929,313	130,000	4,529	(4,417)	1,059,425
Capital Improvements	62,026	0	59	38,709	100,794
Total	\$1,369,039	\$270,000	\$7,364	\$34,292	\$1,680,695

For the year ending December 31, 2022 all required reserves were fully funded.

NOTE 4 - ASC 606

It has been determined that ASC 606 – Revenue Recognition (also referred to as “Contracts with Customers”) does not apply to condominium associations since association unit owners are not customers (as defined by ASC 606-10-15-3) and therefore ASC 606 has not been implemented.

The Financial Accounting Standards Board (FASB) Supervisor of Revenue Recognition has stated that there is no industry guidance related to ASC 606 and the determination of whether ASC 606 applies is based on the five steps defined in ASU No. 2014-19 (aka ASC 606). A review of the five steps has determined that no customer relationship exists and therefore no “Contract with Customer” exists.

NOTE 5 – WORKING CAPITAL

Pursuant to the Association documents, each new owner is required to contribute an amount equal to three months of the current annual assessment. As of December 31, 2020 the Association had \$354,130 of Working Capital. In 2021 \$71,052 was collected and \$145,000 was transferred to the reserve fund. The balance at December 31,2021 was \$280,182. In 2022 \$30,692 was collected and the balance at December 31.2022 was \$310,874.

NOTE 6 - CONTINGENCIES

The current property insurance policy contains a deductible for hurricane damage. Should the Association incur an uninsured loss, the Association has the right to increase maintenance fees, pass a special assessment or delay repairs until funds are available.

NOTE 7 - COMMITMENTS

The Association has various contract services to maintain its common property including management services, internet service, common area landscaping, pool service, trash service, pest control and security services. These contracts have different expiration dates and renewal terms.

SUPPLEMENTARY INFORMATION

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Comparison of Actual vs. Budget-Operating
For Year Ended December 31, 2022

<u>REVENUES</u>	<u>Actual</u>	<u>Budget</u> (Unaudited)	<u>Variance \$</u> (Unaudited)	<u>Variance %</u> (Unaudited)
MAINTENANCE ASSESSMENTS - HOMEOWNERS	1,344,391	1,344,391	0	0.0%
MAINTENANCE ASSESSMENTS - TOWNHOMES	226,591	226,591	0	0.0%
APPLY PRIOR OPER. FUND SURPLUS - HOMEOWNERS	0	28,380	(28,380)	-100.0%
APPLY PRIOR OPER. FUND SURPLUS - TOWNHOMES	0	5,624	(5,624)	-100.0%
A T & T REBATE	15,917	19,100	(3,183)	-16.7%
FINE INCOME	70,194	0	70,194	0.0%
GATE/KEY INCOME	4,521	10,000	(5,479)	-54.8%
LATE FEES	8,365	5,000	3,365	67.3%
INTEREST INCOME - BANKS	39	6,000	(5,961)	-99.4%
INTEREST INCOME- OWNERS	5,126	3,000	2,126	70.9%
OTHER INCOME	26,361	8,000	18,361	229.5%
LEASE/RESALE FEES	34,361	30,000	4,361	14.5%
TOTAL REVENUES	1,735,866	1,686,086	49,780	-3.0%
EXPENSES:				
ADMINISTRATIVE				
PROPERTY MANAGEMENT/ACCOUNTING	163,021	160,597	(2,424)	-1.5%
ADDITIONAL OFFICE STAFF	36,295	47,000	10,705	22.8%
ACCOUNTING/AUDIT	3,800	4,100	300	7.3%
LEGAL AND PROFESSIONAL	19,318	30,000	10,682	35.6%
INSURANCE - COMMON	26,593	48,000	21,407	44.6%
INSURANCE - DIRECTORS AND OFFICERS	5,817	6,200	383	6.2%
OFFICE EXPENSES	6,539	3,000	(3,539)	-118.0%
COPY MACHINE AND MAINTENANCE	4,981	4,500	(481)	-10.7%
MEETINGS/NEWSLETTERS	2,112	2,500	388	15.5%
POSTAGE	2,562	4,000	1,438	36.0%
LICENSES/FEES/PERMITS/CORP REPORT/TAXES	1,981	812	(1,169)	-144.0%
Total · ADMINISTRATIVE	273,019	310,709	37,690	12.1%
UTILITIES				
ELECTRIC	118,699	100,000	(18,699)	-18.7%
WATER AND SEWER	6,640	6,000	(640)	-10.7%
TRASH REMOVAL	2,325	3,300	975	29.5%
TELEPHONE	5,785	7,400	1,615	21.8%
INTERNET	349,064	346,586	(2,478)	-0.7%
Total · UTILITIES	482,513	463,286	(19,227)	-4.2%
BUILDING AND EQUIPMENT				
MAINTENANCE SERVICE AND REPAIRS	19,664	15,000	(4,664)	-31.1%
MAINTENANCE SUPPLIES	12,718	10,000	(2,718)	-27.2%
MAINTENANCE LABOR	78,204	71,000	(7,204)	-10.1%
JANITORIAL SUPPLIES	1,787	2,000	213	10.7%
COMMUNITY ACTIVITIES AND EVENTS	29,454	25,000	(4,454)	-17.8%
HOLIDAY LIGHTING	15,863	18,000	2,137	11.9%
LIFE GUARDS/MONITORS	49,706	50,000	294	0.6%
FITNESS EQUIPMENT-REPAIRS & MAINT.	2,679	2,100	(579)	-27.6%
CLEANING SERVICES	10,602	12,000	1,398	11.7%
PEST CONTROL-CLUBHOUSE/GRD./CABANA	2,995	3,200	205	6.4%
POOL MAINTENANCE	35,224	25,000	(10,224)	-40.9%
Total · BUILDING AND EQUIPMENT	258,896	233,300	(25,596)	-11.0%

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Comparison of Actual vs. Budget-Operating
For Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance \$</u>	<u>Variance %</u>
<u>EXPENSES: (continued)</u>				
COMMON GROUNDS				
LANDSCAPE	45,454	51,000	5,546	10.9%
FLOWERS	0	0	0	0.0%
SHRUBS AND TREE REPLACEMENT	609	3,000	2,391	79.7%
LANDSCAPE ENHANCEMENTS	0	0	0	0.0%
IRRIGATION REPAIRS AND MAINTENANCE	4,249	7,500	3,251	43.3%
IRRIGATION CONTRACT	5,152	5,500	348	6.3%
PRESSURE CLEANING/RUST CONTROL/SEALANT	62,375	50,000	(12,375)	-24.8%
TREE HURRICANE PREP. CUT	13,095	13,000	(95)	-0.7%
ORNAMENTAL PEST/FERTILIZER	11,760	11,760	0	0.0%
Total · COMMON GROUNDS	142,694	141,760	(934)	-0.7%
ACCESS CONTROLS				
SECURITY SERVICE	163,637	163,581	(56)	0.0%
GATE MAINTENANCE AND CAMERA COMPONENTS	25,809	20,000	(5,809)	-29.0%
NIGHT/DAY PATROL AND HAWK	61,868	50,000	(11,868)	-23.7%
Total · ACCESS CONTROLS	251,314	233,581	(17,733)	-7.6%
MISCELLANEOUS/CONTINGENCY				
EMERGENCY MANAGEMENT	14,849	30,000	15,151	50.5%
WEBSITE	650	1,800	1,150	63.9%
CAPITAL EXPENSE - SPECIAL PROJECTS	14,664	20,000	5,336	26.7%
MAINTENANCE - VEHICLES	2,280	10,250	7,970	77.8%
STREET CLEANING - COMMON	3,085	9,180	6,095	66.4%
Total · MISCELLANEOUS/CONTINGENCY	35,528	71,230	35,702	50.1%
TOWNHOMES				
LANDSCAPE	78,796	90,000	11,204	12.4%
IRRIGATION MAINTENANCE CONTRACT	5,200	6,300	1,100	17.5%
IRRIGATION REPAIRS	20,411	25,000	4,589	18.4%
PEST CONTROL/FERTILIZER	12,660	6,000	(6,660)	-111.0%
PRESSURE CLEAN/RUST CONTROL/SEALANT	20,000	20,000	0	0.0%
HURRICANE PREP.	9,330	15,000	5,670	37.8%
PEST TECH	8,785	7,500	(1,285)	-17.1%
IRRIGATION PUMPS MAINT. CONTRACT	639	1,400	761	54.4%
STREET SWEEPING	392	1,020	628	61.6%
SPECIAL PROJECTS - TOWNHOMES	34,919	60,000	25,081	41.8%
Total · TOWNHOMES	191,132	232,220	41,088	17.7%
BAD DEBT EXPENSE	95,000	0	(95,000)	0.0%
TOTAL EXPENSES	1,730,096	1,686,086	50,990	3.0%
NET SURPLUS (DEFICIT)	5,770	0	5,770	

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2022

The Board of Directors conducts an annual study to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from various sources; such as licensed contractors who inspected the property, invoices from the recent acquisition of replacement of certain common property, and telephone inquiries of licensed contractors for estimated costs to replace.

<u>Component</u>	<u>Estimated Useful Life in Years Remaining</u>	<u>Requirements</u>			<u>Replacement Fund Balance At 12/31/2022</u>
		<u>Estimated Current Replacement Cost</u>	<u>2023 Funding Requirement</u>	<u>Budgeted 2023 Full Funding</u>	
Common - Pool, Paint, Roof	Varies	\$ 200,000	\$ 45,000	\$ 45,000	\$ 214,527
Roads	Varies	1,500,000	130,000	130,000	1,059,425
Capital Improvements	Varies	Varies	-	-	100,794
Townhomes - Painting, Roof Cleaning	Varies	400,000	95,000	95,000	305,949
Total		<u>\$ 2,100,000</u>	<u>\$ 270,000</u>	<u>\$ 270,000</u>	<u>\$ 1,680,695</u>

The last independent reserve study was done on May 1, 2019

Due to increased inflation and other matters the future cost of many reserve items could be materially more than the current estimated costs. The future costs of the Townhomes-Painting and Roof Cleaning could be approximaely \$800,000 instead of the \$400,000 estimated when the 2023 budget was done.

Read the Accompanying Notes to Financial Statements