

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.

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

For Year Ended December 31, 2021

TABLE OF CONTENTS

	PAGE
ACCOUNTANT'S AUDIT REPORT	1-2
<u>FINANCIAL STATEMENTS:</u>	
BALANCE SHEET	3
STATEMENT OF REVENUES AND EXPENSE, AND CHANGES IN FUND BALANCES -- OPERATING FUND	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-9
<u>SUPPLEMENTARY INFORMATION:</u>	
COMPARISON OF ACTUAL VS BUDGET -- OPERATING FUND	11-12
FUTURE MAJOR REPAIRS AND REPLACEMENTS- RESERVE FUND	13

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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, 2021, 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, 2021, 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., CPA
Port St. Lucie, FL 34986
November 15, 2022

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Balance Sheet
December 31, 2021

	December 31, 2021		
	Operating Fund	Replacement Fund	Total Funds
<u>ASSETS</u>			
CASH, INCLUDING INTEREST BEARING ACCOUNTS	\$ 1,216,212	\$ 1,368,643	\$ 2,584,855
ASSESSMENTS RECEIVABLE	205,027	0	205,027
LESS: ALLOWANCE	(73,535)	0	(73,535)
PREPAID INSURANCE	14,031	0	14,031
UTILITY DEPOSITS	1,960	0	1,960
DUE FROM OPERATING FUND	0	8,600	8,600
TOTAL ASSETS	\$ 1,363,695	\$ 1,377,243	\$ 2,740,938
<u>LIABILITIES, WORKING CAPITAL AND FUND BALANCES</u>			
ACCOUNTS PAYABLE/ACCRUED EXPENSES	\$ 172,262	\$ 0	\$ 172,262
SECURITY DEPOSITS	365,436	0	365,436
DEFERRED REBATE	85,950	0	85,950
ASSESSMENTS PAID IN ADVANCE	56,006	0	56,006
DUE TO REPLACEMENT FUND	8,600	0	8,600
TOTAL LIABILITIES	688,254	0	688,254
WORKING CAPITAL	280,182	0	280,182
FUND BALANCES	395,259	1,377,243	1,772,502
TOTAL LIABILITIES, WORKING CAPITAL AND FUND BALANCES	\$ 1,363,695	\$ 1,377,243	\$ 2,740,938

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, 2021

	2021		
	Operating	Replacement	Total
	Fund	Fund	Funds
<u>REVENUES</u>			
MAINTENANCE ASSESSMENTS - HOMEOWNERS	\$ 1,343,363	\$ 165,000	\$ 1,508,363
MAINTENANCE ASSESSMENTS - TOWNHOMES	171,578	150,000	321,578
A T & T REBATE	19,100	0	19,100
FINE INCOME	58,652	0	58,652
GATE/KEY INCOME	11,560	0	11,560
LATE FEES	6,191	0	6,191
INTEREST INCOME - BANKS	311	689	1,000
INTEREST INCOME -- OWNERS	996	0	996
OTHER INCOME	24,256	0	24,256
LEASE/RESALE FEES	43,245	0	43,245
TOTAL REVENUES	1,679,252	315,689	1,994,941
<u>EXPENSES</u>			
ADMINISTRATIVE	248,895	0	248,895
UTILITIES	485,700	0	485,700
BUILDING AND EQUIPMENT	250,624	0	250,624
COMMON GROUNDS	146,392	0	146,392
ACCESS CONTROLS	247,938	0	247,938
MISCELLANEOUS/CONTINGENCY	81,335	0	81,335
TOWNHOMES	125,708	0	125,708
RESERVES	0	347,542	347,542
TOTAL EXPENSES	1,586,592	347,542	1,934,134
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	92,660	(31,853)	60,807
FUND BALANCES, BEGINNING OF YEAR	697,599	1,014,096	1,711,695
TRANSFERS	(145,000)	145,000	0
TRANSFERS	(250,000)	250,000	0
FUND BALANCES, END OF YEAR	\$ 395,259	\$ 1,377,243	\$ 1,772,502

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Statement of Cash Flows
For Year Ended December 31, 2021

<u>INCREASE(DECREASE) IN CASH</u>	<u>2021</u>		
	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u> <u>Funds</u>
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash Receipts From Maintenance Fees	\$ 1,521,644	\$ 315,000	\$ 1,836,644
Interest Income Received	311	689	1,000
Other Income Received	143,904	0	143,904
Cash Payments to Vendors and Suppliers	(1,606,446)	(347,542)	(1,953,988)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>59,413</u>	<u>(31,853)</u>	<u>27,560</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital Contributions Collected	71,052	0	71,052
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>71,052</u>	<u>0</u>	<u>71,052</u>
CASH FLOW FROM FINANCING ACTIVITIES:			
Interfund Transfers	(20,667)	20,667	0
Transfers of Capital Funds	(145,000)	145,000	0
Transfers of Operating Funds	(250,000)	250,000	0
Interfund Borrowing	8,600	(8,600)	0
NET CASH FROM FINANCING ACTIVITIES	<u>(407,067)</u>	<u>407,067</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH FOR CURRENT YEAR	(276,602)	375,214	98,612
CASH AT BEGINNING OF YEAR	1,492,814	993,429	2,486,243
CASH AT END OF YEAR	<u>\$ 1,216,212</u>	<u>\$ 1,368,643</u>	<u>\$ 2,584,855</u>

**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	\$ 92,660	\$ (31,853)	\$ 60,807
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:			
(Increase) Decrease in:			
Assessments Receivable	(80,278)	0	(80,278)
Allowance For Uncollectible	(4,457)	0	(4,457)
Prepaid Insurance	(652)	0	(652)
Prepaid Expenses	9,451	0	9,451
Increase (Decrease) in:			
Accounts Payable/Accrued Expenses	89,262	0	89,262
Assessments Received in Advance	(4,795)	0	(4,795)
Security Deposits	(22,678)	0	(22,678)
Deferred Rebate	(19,100)	0	(19,100)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 59,413</u>	<u>\$ (31,853)</u>	<u>\$ 27,560</u>

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 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, 2021, 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 2019, 2020, and 2021. However, the Association is not currently under audit and has not been contacted that a possible audit may be initiated. The tax liability for 2020 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 November 15, 2022 (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, 2021, therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2021.

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>	Beginning	Owner	Current Year		<u>Transfers</u>	Ending
	<u>Balance</u>	<u>Funding</u>	<u>Interest</u>	<u>Expended</u>		<u>Balance</u>
Painting,Pools and Roofs- Common	\$131,992	\$35,000	\$306	\$0	0	\$167,298
Painting and Roofs-Townhomes	60,745	150,000	54	(397)	0	210,402
Roads	799,000	130,000	313	0	0	929,313
Capital Improvements	22,359	0	16	(355,745)	395,000	61,630
Total	\$1,014,096	\$315,000	\$689	(\$356,142)	395,000	\$1,368,643

For the year ending December 31, 2021 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.

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, 2021

	<u>Actual</u>	<u>Budget</u> (Unaudited)	<u>\$</u> <u>Variance</u> (Unaudited)	<u>%</u> <u>Variance</u> (Unaudited)
<u>REVENUES</u>				
MAINTENANCE ASSESSMENTS - HOMEOWNERS	1,343,363	1,343,363	0	0.0%
MAINTENANCE ASSESSMENTS - TOWNHOMES	171,578	171,578	0	0.0%
APPLY PRIOR OPER. FUND SURPLUS - TOWNHOMES	0	34,642	(34,642)	-100.0%
A T & T REBATE	19,100	19,100	0	0.0%
FINE INCOME	58,652	22,000	36,652	166.6%
GATE/KEY INCOME	11,560	0	11,560	0.0%
LATE FEES	6,191	5,000	1,191	23.8%
INTEREST INCOME - BANKS	311	6,000	(5,689)	-94.8%
INTEREST INCOME- OWNERS	996	3,000	(2,004)	-66.8%
OTHER INCOME	24,256	8,000	16,256	203.2%
LEASE/RESALE FEES	43,245	30,000	13,245	44.2%
TOTAL REVENUES	1,679,252	1,642,683	36,569	-2.2%
<u>EXPENSES:</u>				
ADMINISTRATIVE				
PROPERTY MANAGEMENT/ACCOUNTING	150,979	160,597	9,618	6.0%
ADDITIONAL OFFICE STAFF	7,901	56,000	48,099	85.9%
ACCOUNTING/AUDIT	5,200	4,100	(1,100)	-26.8%
LEGAL AND PROFESSIONAL	35,850	20,000	(15,850)	-79.3%
INSURANCE - COMMON	30,706	35,200	4,494	12.8%
INSURANCE - DIRECTORS AND OFFICERS	5,817	5,000	(817)	-16.3%
OFFICE EXPENSES	3,345	3,000	(345)	-11.5%
COPY MACHINE AND MAINTENANCE	3,780	4,500	720	16.0%
MEETINGS/NEWSLETTERS	623	2,500	1,877	75.1%
POSTAGE	1,944	6,200	4,256	68.6%
LICENSES/FEES/PERMITS/CORP REPORT/TAXES	2,750	812	(1,938)	-238.7%
Total · ADMINISTRATIVE	248,895	297,909	49,014	16.5%
UTILITIES				
ELECTRIC	121,293	75,000	(46,293)	-61.7%
WATER AND SEWER	5,935	6,000	65	1.1%
TRASH REMOVAL	3,012	1,800	(1,212)	-67.3%
TELEPHONE	8,415	2,500	(5,915)	-236.6%
INTERNET	347,045	332,915	(14,130)	-4.2%
Total · UTILITIES	485,700	418,215	(67,485)	-16.1%
BUILDING AND EQUIPMENT				
MAINTENANCE SERVICE AND REPAIRS	21,507	15,000	(6,507)	-43.4%
MAINTENANCE SUPPLIES	23,645	10,000	(13,645)	-136.5%
MAINTENANCE LABOR	56,952	60,000	3,048	5.1%
JANITORIAL SUPPLIES	9,616	2,000	(7,616)	-380.8%
COMMUNITY ACTIVITIES AND EVENTS	26,493	25,000	(1,493)	-6.0%
HOLIDAY LIGHTING	19,074	18,000	(1,074)	-6.0%
LIFE GUARDS/MONITORS	43,139	45,000	1,861	4.1%
FITNESS EQUIPMENT-REPAIRS & MAINT.	1,476	3,000	1,524	50.8%
CLEANING SERVICES	10,644	15,000	4,356	29.0%
PEST CONTROL-CLUBHOUSE/GRD./CABANA	4,700	2,200	(2,500)	-113.6%
POOL MAINTENANCE	33,378	22,000	(11,378)	-51.7%
Total · BUILDING AND EQUIPMENT	250,624	217,200	(33,424)	-15.4%

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
Comparison of Actual vs. Budget-Operating
For Year Ended December 31, 2021

	<u>Actual</u>	<u>Budget</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>
<u>EXPENSES: (continued)</u>				
COMMON GROUNDS				
LANDSCAPE	39,986	55,000	15,014	27.3%
FLOWERS	0	2,250	2,250	100.0%
SHRUBS AND TREE REPLACEMENT	6,700	3,000	(3,700)	-123.3%
LANDSCAPE ENHANCEMENTS	9,847	11,040	1,193	10.8%
IRRIGATION REPAIRS AND MAINTENANCE	7,300	7,000	(300)	-4.3%
IRRIGATION CONTRACT	5,199	4,800	(399)	-8.3%
PRESSURE CLEANING/RUST CONTROL/SEALANT	51,950	80,000	28,050	35.1%
TREE HURRICANE PREP. CUT	13,000	13,000	0	0.0%
ORNAMENTAL PEST/FERTILIZER	12,410	11,760	(650)	-5.5%
Total · COMMON GROUNDS	146,392	187,850	41,458	22.1%
ACCESS CONTROLS				
SECURITY SERVICE	165,221	163,581	(1,640)	-1.0%
GATE MAINTENANCE AND CAMERA COMPONENTS	40,459	20,000	(20,459)	-102.3%
NIGHT/DAY PATROL AND HAWK	42,258	39,728	(2,530)	-6.4%
Total · ACCESS CONTROLS	247,938	223,309	(24,629)	-11.0%
MISCELLANEOUS/CONTINGENCY				
EMERGENCY MANAGEMENT	476	30,000	29,524	98.4%
WEBSITE	18	1,800	1,782	99.0%
CAPITAL EXPENSE - SPECIAL PROJECTS	64,020	40,000	(24,020)	-60.1%
MAINTENANCE - VEHICLES	10,691	11,000	309	2.8%
STREET CLEANING - COMMON	6,130	9,180	3,050	33.2%
Total · MISCELLANEOUS/CONTINGENCY	81,335	91,980	10,645	11.6%
TOWNHOMES				
LANDSCAPE	43,215	44,000	785	1.8%
LANDSCAPE - REPAIRS/REPLACE	100	5,000	4,900	98.0%
IRRIGATION MAINTENANCE CONTRACT	4,334	6,300	1,966	31.2%
IRRIGATION REPAIRS	18,609	25,000	6,391	25.6%
LANDSCAPE ENHANCEMENT	826	5,000	4,174	83.5%
PEST CONTROL/FERTILIZER	13,310	6,000	(7,310)	-121.8%
PRESSURE CLEAN/RUST CONTROL/SEALANT	18,850	20,000	1,150	5.8%
EMERGENCY MANAGEMENT/HURRICANE PREP.	12,911	15,000	2,089	13.9%
PEST TECH	5,500	7,500	2,000	26.7%
IRRIGATION PUMPS MAINT. CONTRACT	0	1,400	1,400	100.0%
RUST REMOVAL	4,900	0	(4,900)	0.0%
STREET SWEEPING	2,295	1,020	(1,275)	-125.0%
SPECIAL PROJECTS - TOWNHOMES	858	70,000	69,142	98.8%
Total · TOWNHOMES	125,708	206,220	80,512	39.0%
TOTAL EXPENSES	1,586,592	1,642,683	56,091	3.4%
NET SURPLUS (DEFICIT)	92,660	0	92,660	

Read the Accompanying Notes to Financial Statements.

NEWPORT ISLES PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2021

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 12/31/2021</u>
		<u>Estimated Current Replacement Cost</u>	<u>2022 Funding Requirement</u>	<u>Budgeted 2022 Full Funding</u>	
Common - Pool, Paint, Roof	Varies	\$ 200,000	\$ 45,000	\$ 45,000	\$ 167,298
Roads	Varies	1,500,000	130,000	130,000	929,313
Capital Improvements	Varies	Varies	-	-	70,230
Townhomes - Painting, Roofs	Varies	1,000,000	95,000	95,000	210,402
Total		<u>\$ 2,700,000</u>	<u>\$ 270,000</u>	<u>\$ 270,000</u>	<u>\$ 1,377,243</u>

No recent independent reserve study has been done.

Capital Improvements for 2022 will be funded from Operating Fund Surplus

Read the Accompanying Notes to Financial Statements