

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020 & 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Bristol Harbour Village Association, Inc.  
Canandaigua, New York

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Bristol Harbour Village Association, Inc. which comprise the balance sheet as of December 31, 2020 & 2019 and the related statements of revenues, expenses, and changes in fund balances and cash flow for the year 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bristol Harbour Village Association, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Emphasis of Matters*

As discussed in Note 12 to the financial statement, in March 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. The magnitude of disruption and related financial impact caused by the outbreak cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

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

Accounting principles generally accepted in the United States of America require that information on future major repairs on page 11 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, 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. 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.

  
JAY R. GELB & COMPANY, P.C.  
Pittsford, New York  
April 9, 2021

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

BALANCE SHEETS

DECEMBER 31, 2020 & 2019

	<u>Operating</u> Funds	<u>Reserve</u> Funds	<u>2020</u>	<u>Totals</u> <u>2019</u>
<b>ASSETS</b>				
Cash & Cash Equivalents	\$20,754	\$304,652	\$325,406	\$341,991
Assessments receivable, Net of allowance for bad debts of \$7,864 in 2020 & \$0 in 2019	23,522	0	23,522	12,609
Accounts Receivable - Other	2,829	0	2,829	598
Prepaid Expenses	13,510	0	13,510	4,673
Property and Equipment, net	<u>834,372</u>	<u>0</u>	<u>834,372</u>	<u>683,950</u>
Total Assets	<u>\$894,987</u>	<u>\$304,652</u>	<u>\$1,199,639</u>	<u>\$1,043,821</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<u>Current Liabilities:</u>				
Current Portion of Long-Term Debt	\$16,274	\$0	\$16,274	\$15,222
Loan Payable - Truck	10,100	0	10,100	1,859
Accounts Payable	29,620	0	29,620	21,082
Deposit	1,500	0	1,500	1,500
Assessments received in advance	38,356	0	38,356	15,325
Income Taxes Payable	189	0	189	398
Contract Liabilities (Assessment Received In Advance-Replacement Funds)	<u>0</u>	<u>304,652</u>	<u>304,652</u>	<u>0</u>
Total Current Liabilities	96,040	304,652	400,692	55,386
<u>Long Term Liabilities:</u>				
Long-Term Debt, Net of Current Portion	<u>141,283</u>	<u>0</u>	<u>141,283</u>	<u>137,373</u>
Total Liabilities	\$237,322	\$304,652	\$541,974	\$192,759
<b>Fund Balances</b>				
Operating	\$657,665	\$0	\$657,665	\$113,843
Major Maintenance	0	0	0	121,548
Community Center	0	0	0	(68,280)
Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>683,951</u>
Total Fund Balances	<u>657,665</u>	<u>0</u>	<u>657,665</u>	<u>851,062</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$894,987</u>	<u>\$304,652</u>	<u>\$1,199,639</u>	<u>\$1,043,821</u>

"SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2020

	Operating Fund	Major Maintenance Fund	Community Center Fund	Property Fund	Total 2020
<u>Revenues:</u>					
Common Charges	\$465,317	\$283,324	\$21,727	\$0	\$770,368
Special Assessment	148,000	0	0	0	148,000
Interest Income	0	2,513	0	0	2,513
Miscellaneous Income	<u>19,040</u>	<u>0</u>	<u>365</u>	<u>0</u>	<u>19,405</u>
Total Revenues	\$632,357	\$285,837	\$22,092	\$0	\$940,286
<u>Expenses:</u>					
Landscaping and Grounds Maintenance	23,618	0	0	0	23,618
Labor and Related Expenses	176,659	0	0	0	176,659
Trash Removal	54,099	0	0	0	54,099
Building and Grounds Maintenance	52,984	31,339	22,092	0	106,415
Utilities	20,978	1,241	0	0	22,219
Administrative Expenses	11,826	0	0	0	11,826
Management Fees	52,800	0	0	0	52,800
Legal and Professional Fees	58,793	253,257	0	0	312,050
Insurance	21,193	0	0	0	21,193
Property Taxes	8,859	0	0	0	8,859
Depreciation	20,398	0	0	0	20,398
Bad Debt	7,864	0	0	0	7,864
Interest	10,181	0	0	0	10,181
Income Taxes	<u>189</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>189</u>
Total Expenses	<u>520,441</u>	<u>285,837</u>	<u>22,092</u>	<u>0</u>	<u>828,370</u>
Excess Revenues Over Expenses	\$111,916	\$0	\$0	\$0	\$111,916
Beginning Fund Balances	<u>545,749</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>545,749</u>
Ending Fund Balances	<u>\$657,665</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$657,665</u>

"SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

STATEMENTS OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2019

	Operating Fund	Major Maintenance Fund	Community Center Fund	Property Fund	Total 2019
<u>Revenues:</u>					
Common Charges	\$616,910	\$0	\$0	\$0	\$616,910
Special Assessment	0	0	43,720	0	43,720
Sponsor Assessment	18,409	0	0	0	18,409
Interest Income	0	3,099	0	0	3,099
Miscellaneous Income	<u>1,874</u>	<u>0</u>	<u>3,278</u>	<u>0</u>	<u>5,152</u>
Total Revenues	\$637,193	\$3,099	\$46,998	\$0	\$687,290
<u>Expenses:</u>					
Landscaping and Grounds Maintenance	23,681	0	0	0	23,681
Labor and Related Expenses	147,717	0	0	0	147,717
Trash Removal	42,445	0	0	0	42,445
Building and Grounds Maintenance	109,132	95,055	0	0	204,187
Utilities	32,920	0	0	0	32,920
Administrative Expenses	18,668	0	0	0	18,668
Management Fees	48,571	0	0	0	48,571
Legal and Professional Fees	44,386	0	0	0	44,386
Insurance	13,041	0	0	0	13,041
Property Taxes	8,674	0	0	0	8,674
Depreciation	0	0	0	26,734	26,734
Interest	0	0	11,126	0	11,126
Income Taxes	<u>398</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>398</u>
Total Expenses	<u>489,633</u>	<u>95,055</u>	<u>11,126</u>	<u>26,734</u>	<u>622,548</u>
Excess Revenues Over/(Under) Expenses	\$147,560	\$(91,956)	\$35,872	\$(26,734)	\$64,742
Beginning Fund Balances	<u>(33,717)</u>	<u>213,504</u>	<u>(104,152)</u>	<u>710,685</u>	<u>786,320</u>
Ending Fund Balances	<u>\$113,843</u>	<u>\$121,548</u>	<u>\$(68,280)</u>	<u>\$683,951</u>	<u>\$851,062</u>

"SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020 & 2019

	Operating Fund	Reserve Fund	2020	Totals 2019
Cash Flows from Operating Activities:				
Excess of Revenues Over Expenses	\$111,916	\$0	\$111,916	\$64,742
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:				
Depreciation	20,398	0	20,398	26,734
(Increase)/Decrease In:				
Assessments Receivable	(10,913)	0	(10,913)	(6,960)
Accounts Receivable - Other	(2,231)	0	(2,231)	0
Prepaid Expenses	(8,837)	0	(8,837)	(2,000)
Increase/(Decrease) In:				
Accounts Payable	8,538	0	8,538	13,689
Deposit	0	0	0	0
Assessments received in advance	23,031	0	23,031	(6,903)
Income Tax Payable	(209)	0	(209)	(181)
Contract Liabilities (Assessment Received In Advance-Replacement Fund)	0	(661)	(661)	0
Net Cash Provided/(Used) by Operating Activities	141,693	(661)	141,032	89,121
Cash Flows from Investing Activities:				
Purchase of Property & Equipment	(170,820)	0	(170,820)	0
Cash Flows from Financing Activities:				
Proceed from Loan	53,639	0	53,639	0
Repayments of Mortgage	(37,811)	0	(37,811)	(14,150)
Repayments of Loan	(2,625)	0	(2,625)	(7,259)
Net Cash and Cash Equivalents used by financing activities	13,203	0	13,203	(21,409)
Net Increase in Cash and Cash Equivalents	(15,924)	(661)	(16,585)	67,712
Cash and Cash Equivalents - Beginning of Year	36,678	305,313	341,991	274,279
Prior Period Adjustment				
Cash and Cash Equivalents - End of Year	\$20,754	\$304,652	\$325,406	\$341,991
Supplemental Disclosure:				
Interest			\$10,181	\$11,126
Income Taxes Paid			\$398	\$576

"SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 1 - Nature of Organization:

The Association was incorporated under Section 402 of the New York State Not for Profit Corporation Law in 1972, for the purpose of owning common land, recreational facilities and a community center and maintaining the common areas (consisting of asphalt, signs, tennis courts, community center, elevator, beach and lighting) of the Bristol Harbour development, in Canandaigua, New York. The Association is a master association for other condominium and homeowner associations consisting of 179 condominiums; 66 golfside townhomes, attached townhomes and patio homes; 104 single family homes and 21 undeveloped lots, of which 13 are owned by developers. The homeowners elect a Board of Directors who hires an independent property management firm to manage the Association.

Note 2 - Date of Management's Review:

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 9, 2021, the date that the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies:

Cash and Cash Equivalents:

The Association considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Property and Equipment, Net:

Property and Equipment are recorded at cost. When retired or otherwise disposed of, the related cost and accumulated depreciation are cleared from the respective accounts and the net difference, less any amount realized from disposition, is reflected in income. Depreciation is provided for on the straight-line method over the estimated useful lives of five to forty years.

Fund Accounting:

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating funds are generally at the discretion of the Board of Directors and property managers. Disbursements from the major maintenance fund generally may be made only for designated purposes. The Community Center Fund is for donations and special assessments for the financing and maintenance of the community center. The property fund accounts for capital additions, less depreciation.

"SEE INDEPENDENT AUDITORS' REPORT"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Summary of Significant Accounting Policies: (continued)

Member Assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The Performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. At December, 2020, the association had delinquent assessments and a prepaid assessment of \$31,386 and \$38,356 respectively. Monthly assessment to owners for the year ended December 2020 were \$148 and \$37 for undeveloped lots.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. No allowance for uncollectable accounts is deemed necessary. The Association treats uncollectible assessments as credit losses. Method, Inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside of Association's control. The Association has no assessments receivable.

Contracted Liabilities (Assessments received in advance-replacement funds):

The Association recognized revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement funds) is recorded when the Association has the right to receive payments in advance of the satisfaction of performance obligation related to replacement reserve assessments. The balance of contracted liabilities (assessments received in advance-replacement funds) as of beginning and end of the year are \$0 and \$304,652, respectively.

Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

"SEE INDEPENDENT AUDITORS' REPORT"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 4 - Income Taxes:

The Association is afforded an annual election under Internal Revenue Code Section 528 whereby it may exclude assessments received from members (net of related expenses) from its taxable income determination, effectively subjecting only its non-related interest income to federal and state income taxes. The alternate method is to determine its taxable income under IRC Section 277, in a manner similar to that of a regular corporation. If the net tax results under Section 528 are more favorable to the Association, the annual election is made upon filing the tax return. The Association filed under Section 528 for the year ended December 31, 2020 and 2019.

New York State imposes a tax based upon net non-membership income at a rate of 6.50% with provisions for a tax on capital or a statutory minimum tax, whichever is greatest, with an additional surcharge imposed. The New York State tax liability was \$190 for the year ended December 31, 2020.

The Association's federal and state income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed, and the Association's federal and state income tax returns for 2017, 2018, and 2019 remain open to examination.

Note 5 – Property and Equipment, Net:

Property and Equipment, net consisted of the following at December 31, 2020:

	<u>2020</u>
Land	\$306,662
Building	654,695
Vehicles and Equipment	207,090
Furniture and Equipment	<u>75,627</u>
	1,244,074
Less: Accumulated Depreciation	<u>(409,702)</u>
Property and Equipment, Net	<u>\$834,372</u>

Note 6 – Commitments and Contingencies:

The Association has entered into a lease for storage space through April 30, 2024. Monthly rental payments are \$1,253. The Association is reimbursed \$627 per month. The future minimum lease payment over the next year is \$15,036, of which \$7,524 will be billed back to the related association.

Note 7 – Management Company:

Effective January, 2021, Bristol Harbour Village Association, Inc. contracted with Crofton Perdue Associates, Inc. as managing agent of the premises for a period of two years from January 1, 2021 – December 31, 2023. Specific details of the responsibilities of each party are contained in the Management Agreement between Bristol Harbour Village Association, Inc. and Crofton Perdue Associates, Inc. The annual management fee for 2020 was \$52,800. The annual management fee for 2021 is \$54,408.

"SEE INDEPENDENT AUDITORS' REPORT"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 8 – Concentration of credit risk:

The Association’s financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents. The Association places its cash investments with high credit quality institutions. At times, such investment may be in excess of the FDIC insurance limit. The Association routinely assesses the financial strength of these organizations and, as a consequence, believes that its credit risk exposure is limited.

Note 9 – Mortgage and Loan Payable:

Mortgage and Loan Payable consisted of the following at December 31, 2020:

Mortgage payable to a bank for the Community Center, requiring monthly payments of \$2,082 with interest at 6.70% per annum. Interest is adjusted every five years to a weekly average yield on the U.S. Treasury securities adjusted to a three-year constant maturity rate. The mortgage is due in May 2028 and is secured by the property. \$114,784

Loan payable to a bank for a truck, requiring monthly payments of \$1,035, including interest at 4.90% per annum. The loan is due November 15, 2025 and is secured by the truck. \$52,873

Principal payments on debt during the next five years are estimated as follows:

December 31,	2021	\$ 26,373
	2022	27,934
	2023	29,665
	2024	31,506
	2025	31,388
	Thereafter	<u>20,791</u>
		\$167,657

At December 31, 2020, the association had a \$100,000 line of credit secured with assignment of association’s future income and common charges. The note bears a current interest rate of 4.25%. There is no outstanding balance as of December 31, 2020.

Note 10 - Future Major Repairs & Replacements:

The Association has elected to accumulate funds for future major repairs and replacements. Accumulated funds, which aggregate approximately \$304,652 at December 31, 2020, are accounted for separately and generally are not available for expenditures for normal operations.

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 10 - Future Major Repairs & Replacements: (continued)

The Board of Directors determines amounts to be allocated to the capital reserve fund. Actual expenditures may vary from the estimated future expenditures, and variations may be material. Therefore, amounts accumulated in the capital reserve fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs until adequate funds are available.

Note 11 – 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 good or services.

The Association adopted the new guidance as of January 1, 2020, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities (assessment received in advance-replacement funds), as previously described.

The adoption of the new revenue recognition guidance resulted in the following changes to fund balance as of January 1, 2020:

	Operating <u>Fund</u>	Major <u>Maintenance</u>	Community <u>Center</u>	Property <u>Fund</u>
Fund balance, as previously reported, at January 1, 2020	\$113,843	\$121,548	\$(68,280)	\$683,951
Prior Period Adjustments	431,906	(71,210)	40,002	(342,677)
Adjustments for FASB ASC 606 Adoption	<u>0</u>	<u>(50,338)</u>	<u>28,278</u>	<u>(341,274)</u>
Fund balance, as adjusted, at January 1, 2020	<u>\$545,749</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The effect of the adoption is an increase in 2020 assessment by \$58,682 and a recording of contract liability at December 31, 2020 of \$304,652. The Association has no customer contract modification that had an effect on the Association's transition to the new guidance.

"SEE INDEPENDENT AUDITORS' REPORT"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 11 – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION: (continued)

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2020 financial statements. Following are the line items from our balance sheets as of December 31, 2020, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balance reported under the new guidance:

	<b><u>Amounts That Would Have Been Reported</u></b>	<b><u>Effects of Applying New Guidance</u></b>	<b><u>As Reported</u></b>
<b><u>Liabilities:</u></b>			
Contracted Liabilities			
(Assessments received in advance- Replacement funds)	\$0	\$304,652	\$304,652
Total Liabilities	237,322	304,652	541,974
<b><u>Fund Balance:</u></b>			
Ending fund balances	\$962,317	\$(304,652)	\$657,665

The following are the line items from the statement of revenue, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2020, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the guidance.

	<b><u>Amounts That Would Have Been Reported</u></b>	<b><u>Effects of Applying New Guidance</u></b>	<b><u>As Reported</u></b>
<b><u>Revenue:</u></b>			
Regular assessments	\$711,686	\$58,682	\$770,368
Excess of revenue over/(under) expense	\$53,234	58,682	\$111,916
<b><u>Cash Flow:</u></b>			
Excess of revenue over/(under) expenses	\$53,234	\$58,682	\$111,916
Increase in Contract liabilities			
(Assessments received in advance- Replacement Funds)	\$0	\$(661)	\$(661)

"SEE INDEPENDENT AUDITORS' REPORT"

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 12 – Subsequent Events:

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the business. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 13 – Litigation:

The Association is a party to various legal proceedings incidental to its business. The ultimate result of the legal proceedings cannot be predicated with certainty. It is the opinion of the Association's Board that the outcome of any claim which is pending, either individual or on a combined basis, will not have a material effect on the financial position of the company, its cash flows or operations. The legal fees incurred for these legal proceedings was \$312,450 for 2020.

SUPPLEMENTARY INFORMATION

BRISTOL HARBOUR VILLAGE ASSOCIATION, INC  
 SUPPLEMENTARY INFORMATION ON FUTURE  
 MAJOR REPAIRS & REPLACEMENTS (UNAUDITED)

DECEMBER 31, 2020

Crofton Perdue Associates, Inc. updated a study on May 18, 2011 to estimate the remaining useful lives and the replacement costs of components of common property. The costs are based upon estimated current replacement costs.

The following information is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Life (Years)	Estimated Future Replacement Cost
Asphalt	1 to 27	\$2,258,000
Equipment	0 to 1	\$87,195
Basketball Court	2	\$14,492
Tennis Courts	1 to 20	\$289,879
Community Center	43 to 28	\$543,057
Elevator	0 to 17	\$332,722
Staircases	0 to 16	\$293,382
Street Lighting	1	\$215,956
Guard Rails	13	\$59,684
Bridge	0 to 2	\$248,285
Drainage	0 to 22	\$451,171
Playground Equipment	13	\$22,608
Bulkhead	4	\$35,732
Studies	0 to 1	\$15,100

"SEE AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION"