

**CRESTWOOD VILLAGE CO-OP, INC.
92 Fairway Lane
Whiting, NJ 08759**

TO: ALL MEMBERSHIP CERTIFICATE HOLDERS
FROM: THE BOARD OF TRUSTEES
SUBJECT: ANNUAL MEETING

In accordance with the By-Laws of Crestwood Village Co-Op, Inc. this will serve as the Official Notice of the Annual Meeting of the Membership Certificate Holders of Crestwood Village Co-Op, Inc.

DATE: Monday, September 16, 2024 at 10:00 AM

PLACE: Friendship Hall

PURPOSE: Presentation of the Annual Financial Report.
Introduction of Trustees and Representatives
and such other business as may properly come
before it.

**MEMBERSHIP CERTIFICATE HOLDERS ONLY MAY ASK QUESTIONS
PERTAINING TO THIS REPORT AT THIS MEETING**

Bring your copy of the attached financial statement with you when you come to the meeting, so that you can follow the presentation when it is reviewed.

Following this presentation, the Board of Trustees will be introduced

Board of Trustees
Mary Ann Riotto, Secretary

CRESTWOOD VILLAGE CO-OP, INC.

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024

AND

INDEPENDENT AUDITOR'S REPORT

CRESTWOOD VILLAGE CO-OP, INC.

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024

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MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

FOUNDED IN 1926 BY SIDNEY MOHEL

CERTIFIED PUBLIC ACCOUNTANTS

8 EXECUTIVE DRIVE, SUITE 1, TOMS RIVER, NEW JERSEY 08755
732/363-6500 FAX: 732/363-0675
WWW.MEBGCPA.COM



INDEPENDENT AUDITOR'S REPORT

*To the Board of Trustees and Stockholders of
Crestwood Village Co-Op, Inc.
92 Fairway Lane
Whiting, New Jersey 08759*

Opinion

We have audited the accompanying financial statements of Crestwood Village Co-Op, Inc., which comprise the balance sheet as of June 30, 2024 and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crestwood Village Co-Op, Inc. as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Crestwood Village Co-Op, Inc.'s June 30, 2023 financial statements, and our report dated September 7, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crestwood Village Co-Op, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Crestwood Village Co-Op, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

MOHEL ELLIOTT BAUER & GASS
A P R O F E S S I O N A L A S S O C I A T I O N
C E R T I F I E D P U B L I C A C C O U N T A N T S

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our 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 generally accepted auditing standards 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, misrepresentations, 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 statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Crestwood Village Co-Op, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crestwood Village Co-Op, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

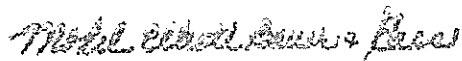
MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating revenues and expenses as compared to budget on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Co-Op'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.



MOHEL ELLIOTT BAUER & GASS, P.A.

Certified Public Accountants

September 6, 2024

Toms River, New Jersey

CRESTWOOD VILLAGE CO-OP, INC.

BALANCE SHEET

JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	Operating Fund	Replacement Fund	Plant Fund	Total	
				2024	2023
ASSETS					
Cash, including interest bearing deposits	\$ 1,260,760	\$ 187,527	\$	\$ 1,448,287	\$ 2,015,988
Investments – Note 4	204,598	788,378		992,976	230,771
Assessments receivable - Note 2	61,571			61,571	26,706
Accounts receivable - other	18,194	2,600		20,794	37,289
Accrued interest receivable		1,542		1,542	-
Prepaid expenses – Note 5	11,778			11,778	12,405
Interfund balances	(10,952)	10,952		-	-
Other assets		40,000		40,000	2,920
Property and equipment, net – Notes 2 and 3	52,944		9,133,685	9,186,629	8,585,173
Total assets	\$ 1,598,893	\$ 1,030,999	\$ 9,133,685	\$ 11,763,577	\$ 10,911,252
LIABILITIES AND MEMBERS' EQUITY					
Liabilities:					
Accounts payable and accrued expenses - Note 6	\$ 26,400	\$	\$	\$ 26,400	\$ 43,342
Accrued salaries	3,779			3,779	3,552
Assessments received in advance	79,253			79,253	105,080
Real estate tax and tax deductions payable	61,435			61,435	60,568
Estate escrow liability	91,148			91,148	44,798
Total liabilities	262,015	-	-	262,015	257,340
Members' equity:					
Membership certificates – authorized, issued and outstanding – 1,016 certificates			14,686,900	14,686,900	14,686,900
Additional paid-in capital	252,400			252,400	252,400
Fund balance – Note 2	1,084,478	1,030,999	(5,553,215)	(3,437,738)	(4,285,388)
Total members' equity	1,336,878	1,030,999	9,133,685	11,501,562	10,653,912
Total liabilities and members' equity	\$ 1,598,893	\$ 1,030,999	\$ 9,133,685	\$ 11,763,577	\$ 10,911,252

The accompanying notes are an integral part of these financial statements

CRESTWOOD VILLAGE CO-OP, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Operating Fund	Replacement Fund	Plant Fund	Total
	2024	2024	2023	2023
REVENUES				
Member assessments				
Membership assessments – Note 2	\$ 3,276,192	\$ 750,000	\$	\$ 3,942,492
Adjustment for probable uncollectible accounts	(1,388)			(742)
Adjustment for real estate tax disabled veteran credit	(2,900)			(3,587)
Net membership assessments	<u>3,271,904</u>	<u>750,000</u>	-	<u>3,938,163</u>
Other revenues				
Investment income - Note 4	22,131	71,357		12,700
Clubhouse rental income	1,100			1,450
Other income - Note 7	98,459			172,781
Membership fee	100,530			100,500
Capital depreciation assessment	174,458			166,446
Total other revenues	<u>121,690</u>	<u>346,315</u>	-	<u>453,877</u>
Total revenues	<u>3,393,594</u>	<u>1,096,315</u>	-	<u>4,392,040</u>
EXPENSES				
Real estate taxes	\$ 1,057,651	\$	\$	\$ 1,008,387
Insurance	283,949			329,699
Street lighting	17,767			16,987
Legal expense	29,911			14,127
Auditing and accounting expense	14,600			13,700
Clubhouse expense	106,803			95,341
Office and administration	294,160			324,870
Depreciation	11,637		510,104	482,095
Maintenance costs – Note 8	1,308,627	7,050		1,272,293
Replacement fund expenditures – Note 10		7,050		-
Total expenses	<u>3,125,105</u>	<u>7,050</u>	<u>510,104</u>	<u>3,557,499</u>
Excess (deficiency) of revenues over expenses before transfers	268,489	1,089,265	(510,104)	834,541
Transfers - Note 12	(73,225)	(1,013,597)	1,086,822	-
Excess (deficiency) of revenues over expenses after transfers	195,264	75,668	576,718	834,541
Fund balance – beginning of year	<u>889,214</u>	<u>955,331</u>	<u>(6,129,933)</u>	<u>(5,119,929)</u>
Fund balance – end of year	<u>\$ 1,084,478</u>	<u>\$ 1,030,999</u>	<u>\$ (5,553,215)</u>	<u>\$ (4,285,388)</u>

The accompanying notes are an integral part of these financial statements

CRESTWOOD VILLAGE CO-OP, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Plant Fund</u>	<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:				
Excess (deficiency) of revenues over expenses after transfers	\$ 195,264	\$ 75,668	\$ 576,713	\$ 847,650
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Depreciation and amortization	11,637		510,104	482,095
(Increase) decrease in:				
Assessments receivable	(34,865)			(34,865)
Accounts receivable – other	19,095	(2,600)		16,495
Accrued interest receivable		(1,542)		(1,542)
Prepaid expenses	627			627
Interfund balances	6,954	(6,954)		
Other assets	2,920	(40,000)		(37,080)
Increase (decrease) in:				
Accounts payable and accrued expenses	(3,011)	(13,931)		(16,942)
Accrued salaries	227			227
Assessments received in advance	(25,827)			(25,827)
Estate escrow account	46,350			46,350
Real estate tax and tax deductions payable	867			867
Net cash provided (used) by operating activities	<u>220,238</u>	<u>10,641</u>	<u>1,086,822</u>	<u>1,317,701</u>
Cash flows from investing activities:				
Purchase of property and equipment	(36,375)			(36,375)
Purchase of investments	(204,598)	(788,378)	(1,086,822)	(992,976)
Maturity/sale of investments		230,771		230,771
Net cash provided (used) by investing activities	<u>(240,973)</u>	<u>(557,607)</u>	<u>(1,086,822)</u>	<u>(815,913)</u>
Net increase (decrease) in cash and cash equivalents	<u>(20,735)</u>	<u>(546,966)</u>	<u>-</u>	<u>(578,309)</u>
Cash and cash equivalents at beginning of year	1,281,495	734,493	-	2,015,988
Cash and cash equivalents at end of year	<u>\$ 1,260,760</u>	<u>\$ 187,527</u>	<u>\$ -</u>	<u>\$ 1,448,287</u>
Supplemental disclosure:				
Income taxes paid	-	-	-	-

The accompanying notes are in integral part of these financial statements

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 – ORGANIZATION

Crestwood Village Co-Op, Inc., was incorporated on May 10, 1965, in the State of New Jersey. The Co-Op is responsible for the operation and maintenance of the common property within the development. The development consists of 1,016 residential units located on approximately 189.6 acres in Manchester Township, New Jersey.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting – The Co-Op's legal documents provide certain guidelines to govern the Co-Op's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Co-Op by such documents, the accounts of the Co-Op are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various functions are classified for accounting and reporting purposes into funds established according to their nature and purpose.

The assets, liabilities and fund balances of the Co-Op are reported in the following fund groups:

Operating Fund - The operating fund represents the portion of expendable funds that are available for the general operations of the Co-Op.

Replacement Fund – The purpose of the replacement fund is to accumulate funds over the lives of the assets which are part of the common elements so that at the time of their replacement sufficient amounts have been accumulated.

Plant Fund – The plant fund represents the Corporation's investment in land and buildings – dwelling units. The maintenance building and furniture and equipment are reflected in the operating fund.

Property and Equipment – Depreciation is computed on a straight-line basis over the estimated lives of the assets.

Membership Assessments - Members are subject to monthly assessments to provide funds for the operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Co-Op considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Reclassifications – Certain reclassifications have been made to the 2023 financial statements to conform with the 2024 presentation.

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

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Assessments and Assessments Receivable - Cooperative members are subject to monthly assessments based upon the annual budget. The purpose of membership assessments is to provide funds for operating expenses and funding for reserves for future major repairs and replacements. Monthly membership assessments represent multiple performance obligations, which, on a standalone basis are not considered separate and distinct and therefore have been deemed to be a single performance obligation. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for membership assessments are satisfied over time on a daily pro-rata basis using the input method. The Cooperative retains excess funds at the end of the period, if any, for use in future periods or as otherwise specified by the Cooperative's governing documents.

Membership assessments receivable at the balance sheet date is stated at the amounts expected to be collected from unit owners. The Cooperative's policy is to retain legal counsel and place liens on the units of owners who are delinquent based on the collection policy. It is the opinion of the Board that the Cooperative will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary. The Cooperative treats uncollectible membership assessments as variable consideration since the Cooperative has the authority to levy additional fees. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Cooperative's control.

Subsequent Events - The Co-Op has evaluated subsequent events through September 6, 2024, the date the financial statements were available to be issued. Based upon this evaluation, the Co-Op determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment is carried at cost and consists of the following:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Life (Years)</u>
Land	\$ 544,400	\$ 544,400	-
Buildings – dwelling units	14,142,500	14,142,500	40
Dwelling unit improvements	9,011,291	8,092,210	27.5
Clubhouse renovations/improvements	693,509	693,509	20
Roads, driveways and parking lots	3,372,995	3,205,254	20
Maintenance building and improvements	148,098	148,098	10-40
Furniture and equipment	334,563	298,188	5
	<u>28,247,356</u>	<u>27,124,159</u>	
Less: accumulated depreciation	<u>(19,060,727)</u>	<u>(18,538,986)</u>	
	<u>\$ 9,186,629</u>	<u>\$ 8,585,173</u>	

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2024 AND 2023

NOTE 4 – INVESTMENTS

Investments in securities are presented in the financial statements at cost.

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Operating fund	\$ 204,598	\$ 204,598	\$	\$
Replacement fund	788,378	788,812	230,771	272,280
	\$ 992,976	\$ 993,410	\$ 230,771	\$ 272,280

Investments are composed of the following:

	Cost		Fair Value		Cost		Fair Value	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 604,598	\$ 605,032	\$ 230,771	\$ 272,280				
U.S. Treasury Bills	388,378	388,378	230,771	272,280				
	\$ 992,976	\$ 993,410	\$ 230,771	\$ 272,280				

Investment income is composed of the following:

	2024	2023
Interest income	\$ 93,488	\$ 12,700
Total investment income	\$ 93,488	\$ 12,700

The Co-Op reports its investments under the provision of Financial Accounting Standards Board ASC 320-10 Investments - Debt and Equity Securities. In accordance with this statement the Co-op has classified securities as held to maturity.

Securities classified as held to maturity are stated at cost adjusted for amortization of premiums and accretion of discounts. The Co-op has the positive intent and ability to hold these securities to maturity. Realized gains and losses for securities classified as held to maturity are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold.

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2024 AND 2023

NOTE 5 – PREPAID EXPENSES

	2024	2023
Prepaid insurance	\$ 4,065	\$ 4,645
Prepaid health insurance	3,009	3,100
Prepaid other	4,704	4,660
	\$ 11,778	\$ 12,405

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses	\$ 26,400	22,865
Real estate escrow		20,477
	\$ 26,400	\$ 43,342

NOTE 7 – OTHER INCOME

	2024	2023
Sale of units	\$ 30,301	\$ 70,756
Document preparation fees-resales	37,200	41,700
Reimbursement of insurance deductible - Fire 609 Willow Court		25,000
Credit report processing	9,591	13,216
Municipal service agreement	9,550	9,575
Insurance proceeds for prior year gazebo damage (Aster)		9,350
Late fee income	3,094	2,112
Other	8,298	547
Certificate change fees	425	525
	\$ 98,459	\$ 172,781

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2024 AND 2023

NOTE 8 – MAINTENANCE COSTS

	2024	2023
Insurance	\$ 23,000	\$ 22,000
Maintenance contract	1,037,509	1,035,399
Golf course maintenance	15,025	11,683
Apartment maintenance	52,579	67,902
Garbage cans	7,601	14,236
Garbage pickup	2,500	
Exterminating	16,182	6,864
Trees and shrubs	96,256	62,482
Snow clearing	2,632	
Exterior cleaning	12,282	
Bus operation	90,000	93,150
Sewer repairs	11,724	19,098
Dryer vent cleaning	3,433	10,167
Other costs	12,232	13,318
	1,382,955	1,356,299
Less fees billed to members	(74,328)	(84,006)
	\$ 1,308,627	\$ 1,272,293

NOTE 9 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Co-Op's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations. FWH Associates, PA, conducted a study dated June 2024 to estimate the remaining useful lives and the replacement costs of the common property components. The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimate of replacement costs considering amounts previously accumulated in the replacement fund. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacement of common property components. However, actual expenditures may vary from the estimated amounts and the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Co-Op may be required to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available.

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CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2024 AND 2023

NOTE 10 – REPLACEMENT FUND EXPENDITURES

	2024	2023
Roof replacement	\$ 660,430	\$ 464,916
Vinyl, siding, soffits, fascias, rakes and gutters	12,548	6,466
Roads, driveways and parking lot	121,091	900
Crawlspace repairs	196,064	160,922
Dryer, bath, kitchen vents and attic fans	33,750	40,590
Sidewalk replacement and concrete work	46,650	44,050
Electrical work and panels	11,828	20,345
Apartment repairs		10,851
Bocce court		36,101
Well pump - golf course		7,186
Server		9,747
Office equipment		5,996
Replacement fund study	7,050	
Surveillance system	15,956	
Gym equipment	6,177	
Gold course shed	4,641	
Other	4,462	7,843
	<u>1,120,647</u>	<u>815,913</u>
Transfer to plant fund	(1,086,822)	(789,726)
Transfer to operating fund	(26,775)	(26,187)
	<u>(1,113,597)</u>	<u>(815,913)</u>
	<u>\$ 7,050</u>	<u>\$ -</u>

NOTE 11 – INCOME TAXES

The Corporation is qualified to prepare its tax returns pursuant to the provisions of subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income.

The Cooperative is incorporated pursuant to Title 15 of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

NOTE 12 - TRANSFERS

	Operating Fund	Replacement Fund	Plant Fund
Replacement fund expenditures	\$ 26,775	\$ (1,113,597)	\$ 1,086,822
Resolution dated September 28, 2023	(100,000)	100,000	
	<u>\$ (73,225)</u>	<u>\$ (1,013,597)</u>	<u>\$ 1,086,822</u>

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2024 AND 2023

NOTE 13 - FAIR VALUE MEASUREMENTS

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value.

The following table summarizes the levels in the fair value hierarchy of the organization's investments at June 30:

	<u>2024</u> <u>Totals</u>	<u>Level 1</u>	<u>Level 2</u>
June 30, 2024:			
Certificates of deposit	\$ 604,598	\$ 604,598	\$
U.S. Treasury Bills	388,378	388,378	
	<u>\$ 992,976</u>	<u>\$ 992,976</u>	<u>\$ -</u>
	<u>2023</u> <u>Totals</u>		
June 30, 2023:			
Certificates of deposit	\$ 230,771	\$ 230,771	\$
	<u>\$ 230,771</u>	<u>\$ 230,771</u>	<u>\$ -</u>

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2024 AND 2023

NOTE 14 - COMMITMENT - MAINTENANCE SERVICES

Crestwood Village Co-Op, Inc. has entered into a contract with Stanley Contracting Co., Inc. To provide maintenance services for the period July 1, 2021 until June 30, 2026. Compensation for these services are payable in twelve (12) equal monthly payments. Compensation for these services will be as follows:

Fiscal year ended:

June 30, 2024	\$	1,037,609
June 30, 2025		1,039,661
June 30, 2026		<u>1,056,354</u>
	\$	<u><u>3,133,524</u></u>

These annual amounts are payable in twelve (12) equal monthly payments.

NOTE 15 - RETIREMENT PLAN

Effective July 1, 2001, Crestwood Village Co-Op, Inc. established a 401(k) defined contribution pension plan that covers its eligible employees. The Corporation makes annual contributions to the plan based on employee compensation. The Corporation's contributions for 2024 and 2023 amounted to \$3,919 and \$4,579, respectively.

NOTE 16 - UNCERTAINTY IN INCOME TAXES

The Co-Op regularly reviews and evaluates its uncertain tax positions taken in previously filed tax returns. The Co-Op believes that in the event of an examination by taxing authorities, the organization's positions would prevail based upon the technical merits of such positions. Therefore, the Co-Op has concluded that no tax benefits or liabilities are required to be recognized in accordance with FIN 48.

The Co-Op's federal information returns are generally subject to examination by the Internal Revenue Service Revenue Service for three years, including the years ended June 30, 2024, 2023 and 2022.

NOTE 17 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Co-Op, in its normal course of business, maintains cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation. At June 30, 2024 and 2023, the uninsured cash balances totaled \$948,186 and \$1,515,889, respectively.

SUPPLEMENTARY INFORMATION

CRESTWOOD VILLAGE CO-OP, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
(Unaudited)
JUNE 30, 2024

FWH Associates, PA, conducted a study dated June 2024 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 the common property components at the end of their useful lives assuming an inflation rate of 4 percent.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Paved surfaces	0 to 15	\$ 3,340,363
Fencing	0 to 20	69,411
Storm water management	0 to 26	1,206,980
Recreational: shuffle board, bocce, etc.	0 to 14	31,470
Miscellaneous	0 to 20	162,400
Residential buildings	0 to 35	14,050,038
Friendship hall: exterior	0 to 29	250,422
Friendship hall: interior	2 to 21	165,792
Friendship hall: mechanical	0 to 21	283,700
Maintenance: exterior	3	145,600
Maintenance: interior	7 to 23	21,723
Maintenance: mechanical	0 to 40	52,935
		<u>\$ 19,780,834</u>

The study presents a reserve study funding plan projected thirty year cash flow. The required annual contribution is as follows:

<u>Fiscal Year</u>	<u>Annual Contribution</u>
2024	\$ 1,108,142
2025	\$ 1,637,304
2026	\$ 2,419,153
2027	\$ 3,574,352
2028 - 2029	\$ 2,575,877
2030 - 2053	\$ 1,171,881

The Board of Trustees has funded \$750,000 in the 2023 - 2024 budget, which represents 67.68% of the amount recommended by the study. In addition, \$174,458 was collected in capital depreciation assessments (resale revenue), membership fees of \$100,500 and investment income of \$71,357 which represents an additional 31.25% or a total of \$1,096,315.

CRESTWOOD VILLAGE CO-OP, INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES
AS COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2024

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Member assessments			
Membership assessments	\$ 4,026,192	\$ 4,026,192	\$ -
Adjustment for probable uncollectible accounts	(1,388)		(1,388)
Adjustment for real estate tax disabled veteran credit	(2,900)		(2,900)
Net membership assessments	<u>4,021,904</u>	<u>4,026,192</u>	<u>(4,288)</u>
Other revenues			
Investment income	22,131		22,131
Clubhouse and recreation income	1,100		1,100
Other income	98,459		98,459
Total other revenues	<u>121,690</u>	<u>-</u>	<u>121,690</u>
TOTAL REVENUES	<u>4,143,594</u>	<u>4,026,192</u>	<u>117,402</u>
EXPENSES			
Real estate taxes	1,057,651	1,014,791	(42,860)
Insurance	283,949	378,000	94,051
Street lighting	17,767	18,000	233
Legal expense	29,911	16,000	(13,911)
Audit and accounting expense	14,600	14,000	(600)
Clubhouse expenses	106,803	109,000	2,197
Office and administration	294,160	343,150	48,990
Replacement fund assessment	750,000	750,000	-
Depreciation	11,637		(11,637)
Maintenance costs	1,308,627	1,391,509	82,882
TOTAL EXPENSES	<u>3,875,105</u>	<u>4,034,450</u>	<u>159,345</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 268,489</u>	<u>\$ (8,258)</u>	<u>\$ 276,747</u>