

POPLAR HEIGHTS RECREATION ASSOCIATION, INC.
(A NONPROFIT COPORATION)

FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2021

POPLAR HEIGHTS RECREATION ASSOCIATION, INC.
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CROMWELL & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

September 29, 2022

To the Board of Directors of
Poplar Heights Recreation Association, Inc.
Falls Church, VA

We have reviewed the accompanying statement of financial condition of Poplar Heights Recreation Association Inc as of October 31, 2021, and the related notes to the financial statement. A review includes primarily applying analytical procedures to Poplar Heights Recreation Association Inc. and making inquiries. A review is substantially less in scope than an audit. The objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Responsibility for the Financial Statement

Poplar Heights Recreation Association Inc are responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance in internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement on accordance with Statements on Standards for Accounting and Review Service promulgated by the Accounting and Review Service Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of my procedures provide a reasonable basis for our conclusion.

We are required to be independent of Poplar Heights Recreation Association Inc. and to meet our ethical responsibility, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for it to be in accordance with accounting principles generally accepted in the United States of America.

Cromwell & Associates, LLC

Cromwell & Associates, LLC

POPLAR HEIGHTS RECREATION ASSOCIATION, INC.
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STATEMENT OF FINANCIAL CONDITION

OCTOBER 31, 2021

	Association	Swim Team	Combined
ASSETS			
Current assets			
Cash & cash equivalents	\$ 270,824	\$ 32,323	\$ 303,097
Prepaid expenses	<u>4,579</u>	<u>-</u>	<u>4,629</u>
Total current assets	275,403	32,323	307,726
Property and improvements net of \$1,048,633 accumulated depreciation	586,106		586,106
Master plan, net of \$507 accumulated amortization	<u>2,693</u>	<u>-</u>	<u>2,693</u>
Total Assets	<u>\$ 864,202</u>	<u>\$ 32,323</u>	<u>\$ 896,525</u>
 LIABILITIES AND FUND BALANCE			
Current liabilities			
Accounts payable	\$ 30,085	\$ -	\$ 30,085
Common stock, no par value, 500 shares authorized, 335 issued and outstanding	47,773		47,773
Fund balance	<u>786,344</u>	<u>32,323</u>	<u>818,667</u>
Total liabilities and fund balance	<u>\$ 846,202</u>	<u>\$ 32,323</u>	<u>\$ 896,525</u>

POPLAR HEIGHTS RECREATION ASSOCIATION, INC.
(A NONPROFIT CORPORATION)

STATEMENT OF CHANGES IN NET WORTH

YEAR ENDED OCTOBER 31, 2021

	<u>Association</u>	<u>Swim Team</u>	<u>Total</u>
Revenue			
Dues	\$ 298,068	\$ -	\$ 298,068
Fee	16,298	56,704	73,003
Tennis program	9,920	-	9,920
Other	<u>17,843</u>	<u>-</u>	<u>17,843</u>
	<u>342,129</u>	<u>56,704</u>	<u>398,833</u>
Expenses			
Depreciation and amortization	73,801	-	73,801
General and administrative	12,897	7,186	20,083
Maintenance	84,105	-	84,105
Pool and tennis operations	134,129	33,198	167,326
Professional fees	9,032	-	9,032
Taxes and insurance	53,109	-	53,109
Utilities	<u>17,079</u>	<u>-</u>	<u>17,079</u>
	<u>384,151</u>	<u>40,383</u>	<u>424,535</u>
Excess (deficit) Revenue over expenses	<u>\$ (42,022)</u>	<u>\$ 16,321</u>	<u>\$ (25,702)</u>

See the accompanying notes and independent accountants' review report

POPLAR HEIGHTS RECREATION ASSOCIATION, INC.
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STATEMENT OF CHANGES IN FUND BALANCE

YEAR ENDED OCTOBER 31, 2021

	<u>Association</u>	<u>Swim Team</u>	<u>Total</u>
Beginning	\$ 828,366	\$ 16,002	\$ 844,368
Net gain from sales/redemption of Association stock	-	-	-
Excess of revenue over expenses	<u>(42,022)</u>	<u>16,321</u>	<u>(25,701)</u>
Ending	<u>\$ 786,344</u>	<u>\$ 32,323</u>	<u>\$ 818,667</u>

See the accompanying notes and independent accountants' review report

POPLAR HEIGHTS RECREATION ASSOCIATION, INC.
(A NONPROFIT COPORATION)

STATEMENT OF CHANGES IN NET WORTH

YEAR ENDED OCTOBER 31, 2021

Cash flow from operating activities	
Excess of revenue over expenses	\$ (25,702)
Depreciation and amortization	73,801
Changes in	
Accounts receivable	(50)
Accounts payable	<u>30,085</u>
Net cash provided by operating activities	<u>\$78,134</u>
Cash flow from investing activities	
Purchase of property and equipment	<u>(9,379)</u>
Net cash provided by investing activities	<u>(9,379)</u>
Cash flow from financing activities	
Excess of stock purchases over stock redemption	<u>(16,254)</u>
Net cash provided by financing activities	<u>(16,254)</u>
Net cash increase	52,501
Cash at beginning	<u>239,919</u>
Cash at ending	<u>\$ 292,420</u>

See the accompanying notes and independent accountants' review report

POPLAR HEIGHTS RECREATION ASSOCIATION, INC.
(A NONPROFIT CORPORATION)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2021

1. Organization

Poplar Heights Recreation Association, Inc is a nonprofit entity established for the purpose of providing and maintaining a community recreational facility located in Falls Church, VA. The facility consists of a one-story building, two pools, and one tennis court.

2. Summary of significant Accounting Policies

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Cash

Cash is used in the financial statement which includes currency on hand, demand deposits with financial institutions and short term, high liquid investments purchased with a maturity of three months or less.

Income Taxes

The organization is a not-for-profit entity exempt from Federal income tax under Section 501(c)(7) of the Internal Revenue Code. However, the association is taxed on its investment income. The organization is required to file an annual Form 990 return with the Internal Revenue Service. For the year ended October 31, 2021, the association owed \$0 for Federal and \$0 for State.

Depreciation

The association provides depreciation for the asset's useful lives with property and equipment recorded at cost. Expenditures for improvements, maintenance and repairs are expensed as incurred. Property and equipment are retired and disposed and related accumulated depreciation accounts are relieved of the applicable amounts and any gain or loss is credited to charge to income.

Treasury Stocks

For the year ended October 31, 2021 the sales and repurchase price of stocks was \$2,709 per share. The buyback value of stock purchase from departing members is determined by dividing the net assets of the Association for the previous year by the number of shares issued by the Association. The buy-back value for the year ended October 31, 2022, will be \$2,586 per share.

3. Property and Equipment

Property and equipment are recorded at cost if purchased or at the estimated fair value at the date of gift, if donated. Acquisitions of property and equipment in excess of \$1000 are capitalized.

Property and equipment consist of the following on October 31, 2021, consist of:

Building and improvements	\$	246,692
Furniture, fixtures, and equipment		146,447
Land and improvements		288,536
Swimming pools and improvements		529,264
Tennis courts and improvements		301,597
Pavilions		<u>196,004</u>
		1,708,540
Less: accumulated depreciation		<u>1,122,434</u>
		<u>\$ 586,106</u>

4. Commitments

The Association entered into agreement with High Sierra Pools Inc. ("High Sierra") for management of the pool for the 2022 season for payments totaling \$94,500. The contract includes an option to extend services for the 2023 season for payments totaling \$99,500. Additionally, after approval by membership vote, the Association entered into agreements with High Sierra to resurface the pool for payments totaling \$150,000 and pool heater replacement for payments totaling \$53,000.

The Association entered a three-year tennis program management contract with ProsToYou Tennis LLC which include annual payments of \$20,000.

5. Future Major Repairs and Replacements

The Association's by-laws do not require the accumulation of funds to finance the future major repairs and replacements. When additional funds are required for major repairs and replacements, the Association plans to borrow, add assessments or increase dues.

Subsequent to October 31, 2021, the Board identified significant repairs required to resurface the pool surface and replace pool heating systems for total cost in excess of \$200,000. After vote by the membership, the Association entered into agreement for these repairs. To fund the repairs, the Association leveraged existing reserve funds and increased annual dues.

6. Risks related to COVID-19

Management continues to evaluate the effects of COVID matter. The United States and global market experienced significant declines in value resulting from uncertainty caused by the pandemic. The COVID expenses dropped from \$7,068 to \$0 for this fiscal year as the association follows the guidance rules in reopening its doors.

7. Subsequent events

Subsequent events have been evaluated through the date of the independent accountants' review report. The association's management has determined that no subsequent events that have occurred other than those described in the notes to the financial statements, if any.