

COPPERFIELD NEIGHBORHOOD
ASSOCIATION, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022

BESTEN & DIERUF, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

INDEPENDENT AUDITORS' REPORT.....3

FINANCIAL STATEMENTS:

 Statement of Assets and Fund Balances - Cash Basis5

 Statement of Revenues, Expenses and Changes in Fund Balances - Cash Basis.....6

 Notes to Financial Statements7

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Copperfield Neighborhood Association, Inc.
Lexington, Kentucky

Opinion

We have audited the accompanying financial statements of Copperfield Neighborhood Association, Inc. (the Association), which comprise the statement of assets and fund balances - cash basis as of December 31, 2022 and the related statement of revenues, expenses and changes in fund balances - cash basis 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 assets, liabilities, and fund balances of the Association as of December 31, 2022, and its revenues and expenses and changes in fund balances for the year then ended in accordance with the cash basis of accounting as described in Note B.

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 the Association 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.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note B, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 the Association'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 the Association'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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted the supplemental schedule of future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in blue ink that reads "B. Eaton + D. Dief, LLC". The signature is written in a cursive, flowing style.

Lexington, Kentucky
July 27, 2023

COPPERFIELD NEIGHBORHOOD ASSOCIATION, INC.
 STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
 DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash - Checking	\$	54,575
Cash - Savings		75,223
Cash - Swim Club Checking		5,922
Cash - Swin Club Savings		<u>5,772</u>
TOTAL CURRENT ASSETS		<u>141,492</u>

	\$	<u>141,492</u>
--	----	----------------

LIABILITIES AND FUND BALANCES

FUND BALANCES

Unreserved		<u>\$ 141,492</u>
TOTAL FUND BALANCES		<u>141,492</u>

	\$	<u>141,492</u>
--	----	----------------

See accompanying notes and independent auditors' report.

COPPERFIELD NEIGHBORHOOD ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - CASH BASIS
YEAR ENDED DECEMBER 31, 2022

REVENUE

Membership dues	\$	108,354
Pool pass rental fees		119,594
Clubhouse rental fees		10,315
Other income		2,501
Interest income		105
TOTAL REVENUE		240,869

EXPENSES

Utilities		32,484
Management fees		20,400
General repairs and maintenance		38,761
Professional and legal fees		1,515
Taxes and licenses		924
Grounds maintenance expenses		21,372
Insurance		4,897
Pool operations		136,149
Office expenses		280
Social events		2,054
Information technology		66
Bank charges and penalties		15
TOTAL EXPENSES		258,917

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES (18,048)

FUND BALANCE, BEGINNING OF YEAR 159,540

FUND BALANCE, END OF YEAR \$ 141,492

See accompanying notes and independent auditors' report.

COPPERFIELD NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ORGANIZATION

Copperfield Neighborhood Association, Inc. (the Association) is a neighborhood association community of 433 homes established to maintain land, entrances, roadsides, streets, tennis courts, a clubhouse, and a pool for the neighborhood. The Association began its operations in 1994 and is located at 1336 Copper Run Boulevard, Lexington, Kentucky.

The Board of Directors formulates all policy decisions. Major decisions are referred to the general Association membership before action is taken. The Treasurer maintains the books and records.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that revenue and support are recognized when received instead of when the service is provided, payments to vendors are recognized when paid instead of when goods or services are received, and losses resulting from collection of amounts due are recognized as the amounts due are paid instead of when the loss is believed probable and can be reasonably estimated.

Revenue Recognition

Revenue primarily consists of receipts from ongoing member dues, which are recorded as dues in the cash receipts section of the financial statements when received. The Association also receives rental revenue from the use of its pool and clubhouse. The performance obligation related to member assessments is the maintenance and management of the common area property, which is satisfied in a consistent and ongoing basis through weekly and monthly maintenance and repairs. The Association also receives interest from interest-bearing depository accounts.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks.

Income Taxes

The Association is exempt from federal income taxes under Internal Revenue Code Section 501(c)(7). It is, however, subject to income taxes on "unrelated business income" which includes nonmember income. The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Management has determined that the Association does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. As tax matters are subject to some degree of uncertainty, there can be no assurance that the Association's tax returns will not be challenged by the taxing authorities and that the Association or its members will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Association's tax returns remain open for three years after they were filed federal income tax examination.

Date of Management's Review

The Association's subsequent events have been evaluated through July 27, 2023, which is the date the financial statements were available to be issued.

COPPERFIELD NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.