

**THE NEW PROPERTY OWNERS ASSOCIATION OF  
NEWPORT, INC. AND SUBSIDIARY**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2023**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Members  
The New Property Owners Association of Newport, Inc. and Subsidiary

***Disclaimer of Opinion***

We were engaged to audit the accompanying financial statements of The New Property Owners Association of Newport, Inc. and Subsidiary, which comprise the consolidating balance sheet as of December 31, 2023, and the related consolidating statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

We do not express an opinion on the financial statements referred to above. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

***Basis for Disclaimer of Opinion***

Supporting data were not available for our audit for certain balances. Therefore, we were not able to obtain sufficient appropriate audit evidence about the amounts at which assessments receivable, prepaid assessments, late charges, transfer fees and other income, unknown revenue, and credit losses are recorded in the accompanying consolidating balance sheet at December 31, 2023 and the related consolidating statement of revenue, expenses and changes in fund balances for the year then ended.

***Future Major Repairs and Replacements***

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note E are adequate to meet such future costs because that determination is outside the scope of our audit. 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 consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The New Property Owners Association of Newport, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidating financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of the Association's consolidating financial statements in accordance with auditing standards generally accepted in the United States of America and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidating financial statements, including the notes the financial statements.

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.

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

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements 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.

*Cox CPA Services, Inc.*

Cox CPA Services, Inc.  
Houston, Texas  
October 1, 2024

THE NEW PROPERTY OWNERS ASSOCIATION OF NEWPORT, INC. AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
December 31, 2023

	The Property Owners Association of Newport, Inc.		Stonebridge at Newport, Inc.	Eliminations	Consolidated Total
	Operating Fund	Reserve Fund			
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 747,661	\$ 198,508	\$ 40,126	\$ -	\$ 986,295
Certificate of deposit	216,346	-	-	-	216,346
Assessments receivable, net of an allowance for credit losses of \$478,900	1,117,513	-	-	-	1,117,513
Accounts receivable	-	-	3,707	-	3,707
Inventory	-	-	19,224	-	19,224
Investment in Stonebridge at Newport, Inc.	87,248	-	-	(87,248)	-
Advances to Stonebridge at Newport, Inc.	2,500,000	-	-	(2,500,000)	-
Utility deposit	-	-	2,351	-	2,351
Right-of-use asset	-	-	95,153	-	95,153
Prepaid expense	64,420	-	20,090	-	84,510
<b>TOTAL CURRENT ASSETS</b>	<b>4,733,188</b>	<b>198,508</b>	<b>180,651</b>	<b>(2,587,248)</b>	<b>2,525,099</b>
<b>Property and Equipment</b>					
Land, buildings, and equipment	1,046,162	-	2,680,104	-	3,726,266
Accumulated depreciation	(562,308)	-	(773,468)	-	(1,335,776)
	483,854	-	1,906,636	-	2,390,490
<b>TOTAL ASSETS</b>	<b>\$ 5,217,042</b>	<b>\$ 198,508</b>	<b>\$ 2,087,287</b>	<b>\$ (2,587,248)</b>	<b>\$ 4,915,589</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable and other accrued expenses	\$ 157,187	\$ -	\$ 83,091	\$ -	\$ 240,278
Prepaid assessments	428,644	-	-	-	428,644
Refundable/event deposits	71,080	-	14,970	-	86,050
Advances from Newport	-	-	2,500,000	(2,500,000)	-
Current portion of operating lease liability	-	-	54,373	-	54,373
Current portion of finance lease obligations	-	-	44,055	-	44,055
Current portion of long-term debt	12,826	-	149,960	-	162,786
<b>TOTAL CURRENT LIABILITIES</b>	<b>669,737</b>	<b>-</b>	<b>2,846,449</b>	<b>(2,500,000)</b>	<b>1,016,186</b>
<b>Long-Term Liabilities</b>					
Operating lease liability, less current portion	-	-	40,780	-	40,780
Finance lease obligations, less current portion	-	-	26,784	-	26,784
Note payable, less current portion	93,788	-	979,216	-	1,073,004
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>93,788</b>	<b>-</b>	<b>1,046,780</b>	<b>-</b>	<b>1,140,568</b>
<b>TOTAL LIABILITIES</b>	<b>763,525</b>	<b>-</b>	<b>3,893,229</b>	<b>(2,500,000)</b>	<b>2,156,754</b>
<b>FUND BALANCES</b>	<b>4,453,517</b>	<b>198,508</b>	<b>(1,805,942)</b>	<b>(87,248)</b>	<b>2,758,835</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,217,042</b>	<b>\$ 198,508</b>	<b>\$ 2,087,287</b>	<b>\$ (2,587,248)</b>	<b>\$ 4,915,589</b>

See accompanying notes to financial statements.

**THE NEW PROPERTY OWNERS ASSOCIATION OF NEWPORT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
For the Year Ended December 31, 2023

	The Property Owners Association of Newport, Inc.		Stonebridge at Newport, Inc.	Eliminations	Consolidated Total
	Operating Fund	Reserve Fund	Newport, Inc.		
<b>REVENUES</b>					
Regular assessments	\$ 2,910,580	\$ 50,000	\$ -	\$ -	\$ 2,960,580
Late charges, transfer fees and other income	527,220	-	407	-	527,627
Interest income	1,077	2,313	-	-	3,390
Unknown	69,791	-	-	-	69,791
Event revenues	-	-	108,015	-	108,015
Galley Grill	-	-	340,348	-	340,348
Golf operations	-	-	852,368	-	852,368
Rental income	-	-	15,031	-	15,031
<b>TOTAL REVENUES</b>	<b>3,508,668</b>	<b>52,313</b>	<b>1,316,169</b>	<b>-</b>	<b>4,877,150</b>
<b>COST OF SALES</b>					
Events	-	-	19,930	-	19,930
Galley Grill	-	-	145,407	-	145,407
Golf operations	-	-	48,047	-	48,047
<b>TOTAL COST OF SALES</b>	<b>-</b>	<b>-</b>	<b>213,384</b>	<b>-</b>	<b>213,384</b>
<b>NET BEFORE OTHER EXPENSES</b>	<b>3,508,668</b>	<b>52,313</b>	<b>1,102,785</b>	<b>-</b>	<b>4,663,766</b>
<b>EXPENSES</b>					
Administrative expense	187,968	-	74,221	-	262,189
Cable expense	-	-	8,787	-	8,787
Capital improvements	-	324,410	-	-	324,410
Community events	74,555	-	-	-	74,555
Credit losses	89,900	-	-	-	89,900
Depreciation expense	34,565	-	112,866	-	147,431
Insurance	95,069	-	86,844	-	181,913
Interest expense	5,742	-	63,419	-	69,161
Landscaping	275,469	-	10,800	-	286,269
Legal and professional	46,906	-	2,158	-	49,064
Pest control	34,620	-	-	-	34,620
Payroll expenses	588,888	-	851,232	-	1,440,120
Pool operations	90,839	-	-	-	90,839
Property and sales taxes	60,603	-	29,750	-	90,353
Rental expense	-	-	67,417	-	67,417
Repairs and maintenance	117,530	-	401,789	-	519,319
Sanitation	-	-	6,788	-	6,788
Sheriff contract/patrol service	600,760	-	5,295	-	606,055
Utilities	304,324	-	65,883	-	370,207
<b>TOTAL EXPENSES</b>	<b>2,607,738</b>	<b>324,410</b>	<b>1,787,249</b>	<b>-</b>	<b>4,719,397</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE STONEBRIDGE ADVANCES</b>	<b>900,930</b>	<b>(272,097)</b>	<b>(684,464)</b>	<b>-</b>	<b>(55,631)</b>
Excess (advances) to Stonebridge	(582,472)	-	-	582,472	-
Excess (advances) from NPOAN	-	-	582,472	(582,472)	-
<b>TOTAL EXCESS ADVANCES</b>	<b>(582,472)</b>	<b>-</b>	<b>582,472</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>318,458</b>	<b>(272,097)</b>	<b>(101,992)</b>	<b>-</b>	<b>(55,631)</b>
<b>BEGINNING FUND BALANCES</b>	<b>4,632,213</b>	<b>146,195</b>	<b>(1,876,694)</b>	<b>(87,248)</b>	<b>2,814,466</b>
Transfers between funds	(497,154)	324,410	172,744	-	-
<b>ENDING FUND BALANCES</b>	<b>\$ 4,453,517</b>	<b>\$ 198,508</b>	<b>\$ (1,805,942)</b>	<b>\$ (87,248)</b>	<b>\$ 2,758,835</b>

See accompanying notes to financial statements.

**THE NEW PROPERTY OWNERS ASSOCIATION OF NEWPORT, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2023

	<b>The Property Owners Association of Newport, Inc.</b>		<b>Stonebridge at Newport, Inc.</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
	<b>Operating Fund</b>	<b>Reserve Fund</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Excess (deficit) of revenues over expenses	\$ 318,458	\$ (272,097)	\$ (101,992)	\$ -	\$ (55,631)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:					
Depreciation	34,565	-	112,866	-	147,431
(Increase) decrease in:					
Assessments receivable	(108,614)	-	-	-	(108,614)
Accounts receivable	-	-	9,620	-	9,620
Inventory	-	-	(4,571)	-	(4,571)
Prepaid expense	2,423	-	(1,823)	-	600
Increase (decrease) in:					
Accounts payable	84,831	-	10,928	-	95,759
Refundable/event deposits	(5,075)	-	(5,265)	-	(10,340)
Prepaid assessments	(19,281)	-	-	-	(19,281)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>307,307</b>	<b>(272,097)</b>	<b>19,763</b>	<b>-</b>	<b>54,973</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of equipment	-	-	(74,811)	-	(74,811)
Certificates of deposit-reinvestment of interest income	(1,077)	-	-	-	(1,077)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(1,077)</b>	<b>-</b>	<b>(74,811)</b>	<b>-</b>	<b>(75,888)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interfund transfers	(497,154)	324,410	172,744	-	-
Financed service agreements	-	-	77,026	-	77,026
Principal payments on finance lease	-	-	(43,212)	-	(43,212)
Principal payments on notes payable	(13,204)	-	(132,768)	-	(145,972)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(510,358)</b>	<b>324,410</b>	<b>73,790</b>	<b>-</b>	<b>(112,158)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(204,128)</b>	<b>52,313</b>	<b>18,742</b>	<b>-</b>	<b>(133,073)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>951,789</b>	<b>146,195</b>	<b>21,384</b>		<b>1,119,368</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 747,661</b>	<b>\$ 198,508</b>	<b>\$ 40,126</b>	<b>\$ -</b>	<b>\$ 986,295</b>
<b>SUPPLEMENTAL DISCLOSURE</b>					
Income taxes paid	\$ -	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ 5,742	\$ -	\$ 63,419	\$ -	\$ 69,161

See accompanying notes to financial statements.