

Chimney Hill

OWNERS ASSOCIATION, INC.

ANNUAL REPORT

April 1, 2019 - March 31, 2020



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Chimney Hill Owners Association, Inc.
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 802-464-2181
www.chimneyhill.com

DIRECTORS

Gene Clark, President, 2020
Keith Mears, VP/Treasurer, 2021
Jane Cary, VP/Secretary, 2021
Diana Gould, Director at Large, 2021
Keith Herbert, 2022
Mary Ann Montano, 2021

PAST DIRECTORS

Thomas Anderson
Marguerite Babor
Robert J. Bertini
Carol A. Bogard
James R. Bogard
Joseph D. Bonitatebus
Joseph Booth
Joseph J. Bulba
William J. Burt
Victoria Capitani
William C. Carroll
Ronald Cavalli
Richard C. Christensen
Lawrence Christian
Kate Clark
Robert A. Cloutier
Larry D. Cohen
Watson S. Coverdale
Hugh L. Cox
George R. Dayharsh
Joseph Delaurentis

Joseph F. DeLuca
Marcella DeLuca
Paul DiPietro
Susan Ennis
William Evasick
Joseph T. Farrell
Eric J. Forgo
Joseph B. Geraci
Carlotta G. Gladding
Dr. Howard C. Glazer
Richard S. Goldberg
Charles M. Greer
Stephen Grenier
John D. Halotek
Dennis Heberlein
Ira B. Hillyer
James Hoagland
Mary Ann Holthaus
Kevin P. Hood
G. Norman Hoover
Vincent L. Inglese

Scott W. Jezek
Robert B. Kubicek
Karl W. Luschenat
Guido A. Maiolo
Richard L. Marshall
James McConnell
Jonas J. Meyer, III
William F. Meyer
Joyce Milia
Thorpe A. Nickerson
Paul L. Nishball
Patricia Nye
Perley J. Nye
Helen H. O'Brien
Eleanor Orrico
Richard G. Paolillo
Myron Petrycki
Marvin E. Pritchard
James J. Ruane
Kevin J. Ryan
David H. Sagerman

Roy J. Schluter
Larry Sime
Roger Small
Stephen Small
Clifford Stamm
Dennis A. Starr
Monique Stenquist
Louis R. Tagliatela, Jr.
John A. Tullio
Kerri Tyerman
Rerenc L. Vasadu-Kovacs
Robert D. Waller, Jr.
Felicia Watson
Charles Weaver
Robert J. Wenger
John J. Whelan
Roger Zaklukiewicz
John Zelle
Stephen Zelle

PAST PRESIDENTS

*Thorpe Nickerson 1972-75
Richard C. Christensen 1975-77
Helen H. O'Brien 1977-78
Roger Small 1978-80
William J. Burt 1980-82
Ira B. Hillyer 1982-84
Richard G. Paolillo 1984-86
Jonas Meyer, III 1986-88
Dennis A. Starr 1988-90

James R. Bogard 1990-92
Vincent L. Inglese 1992-94
Roy J. Schluter 1994-96
Kevin P. Hood 1996-97
Robert J. Bertini 1997-99
Scott W. Jezek 1999-01
Paul L. DiPietro 2001-04
Marguerite Babor 2004-06
Lawrence Christian 2006-08

Gene Clark 2008-2011
Stephen Grenier 2011-2015
Dennis Heberlein 2015-2017
Patricia Nye 2017

**Chairman of the Board of Homeowners
Group prior to formation of Chimney Hill
Owners Association in 1975.*

STAFF

Executive Director
Kenneth Spicer

Administration
Faith Powell
Wendy Acquaviva

Maintenance
Gary LaPosta
Dean Scott
Jared Karsch
Mitch Bolognani

Clubhouse
Jay Howes
Karen Pronovost

CERTIFICATES OF APPRECIATION

Certificates of Appreciation are given to those who have demonstrated volunteer efforts on behalf of Chimney Hill within a given year. Owners, staff, committee chairpeople and Board members present nominees to the Board of Directors for consideration.

1975-76	Roger Zaklukiewicz	1994-95	James Bogard
1976-77	Richard & Arlene Beckley		Patricia Nye
	John and Patricia Zach	1995-96	Jean Belhumeur
1977-78	Richard & Arlene Beckley	1996-97	Eleanor Schluter
	Joan Klausner	1997-98	Carlotta Gladding
	Jim and Patricia Nye	1998-99	Curt and Sue Doerrer
	John and Pat Zach		James Bogard
	Yves and Eileen Pariange	1999-00	Seymour & Alice Epstein
1978-79	Elizabeth Bohorquez	2000-01	Monique Stenquist
1979-80	John Zach	2001-02	Robert Bertini
1980-81	Warren Griswold	2002-03	James Bogard
	Roger Chapdelaine	2003-04	Paul DiPietro
	Joseph DeLuca	2004-05	Bruce Ennis
	Peter & Eleanor Orrico	2005-06	Gary LaPosta
	Frank O'Neill, Sr.	2006-07	Rosalie Sutherland Stump
	Stanley Friedman	2007-08	Faith Powell
	Louis and Judy Motta	2008-09	Sherry Brissette
1981-82	William J. Herbert		Deerfield Valley Stump Jumpers
1982-83	Dennis A. Starr	2009-10	Susan Ennis
1984-85	Joseph H. Booth	2010-11	Landscape Committee
1985-86	Charles Cataldi	2011-12	Carol and Richard Downs
	George Madeux		Keith Herbert
1986-87	Rosemary Cataldi	2012-13	Faith Powell
1987-88	Dean Wilkins		Cheryl Rusin
1988-89	Alvin and Rosalie Stump	2013-14	Bruce Ennis
1989-90	Donald Travis	2014-2015	Clubhouse/Recreation Committee
1990-91	Carlotta Gladding	2015-2016	Chimney Hill Staff
1991-92	Patricia Nye	2016-2017	Betsey Meyer
1992-93	John Zach	2017-2018	Faith Powell





Joseph S. Pieciak, Jr., CPA
Gary G. Fitzgerald, CPA, MST
Keith H. Purcell, CPA
Travis M. Lawyer, CPA

Independent Auditor's Report

To the Board of Directors and Members
Chimney Hill Owners Association, Inc.
Wilmington, Vermont

We have audited the accompanying financial statements of Chimney Hill Owners Association, Inc., which comprise the balance sheets as of March 31, 2020 and 2019 and the related statements of revenues and expenses, changes in members' equity, and cash flows for the years 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 audit. We conducted our audit 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 Chimney Hill Owners Association, Inc. as of March 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 nineteen 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.

Downy, Picciak, Fitzgerald + Co., P.C.

License 92-0000111
Brattleboro, Vermont
May 14, 2020

Chimney Hill Owners Association, Inc.

Balance Sheets March 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash - operating	\$ 75,461	\$ 57,061
Cash - restricted	315,121	449,965
Assessments receivable, net	24,820	49,008
Prepaid expenses	11,947	14,692
Total current assets	427,349	570,726
Property and equipment, net	1,846,895	1,892,060
Other assets:		
Land inventory	322,752	321,048
Other assets	-	4,722
Total other assets	322,752	325,770
Total assets	\$ 2,596,996	\$ 2,788,556
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 44,700	\$ 44,198
Customer deposits	37,198	36,893
Current portion of long-term debt	37,904	50,333
Total current liabilities	119,802	131,424
Long-term liabilities:		
Long-term debt, less current portion	26,205	26,596
Deferred repair and replacement fund revenue	336,409	449,965
Total long-term liabilities	362,614	476,561
Total liabilities	482,416	607,985
Members' equity		
Capital contributions	275,484	275,484
Undesignated	1,839,096	1,905,087
Total members' equity	2,114,580	2,180,571
Total liabilities and members' equity	\$ 2,596,996	\$ 2,788,556

The accompanying notes are an integral part of the financial statements.

Chimney Hill Owners Association, Inc.

Statements of Revenues and Expenses Years Ended March 31, 2020 and 2019

	2020	2019
Revenues:		
Assessments	\$ 681,965	\$ 612,322
Repair and replacement fund revenue	179,392	3,888
Ancillary membership charges	472,934	478,699
Rental commissions	92,237	82,207
Interest	24,072	17,926
Lease income	38,180	32,789
Deed restricted lot fees	-	3,000
Gain (loss) on sale of asset	1,300	-
Gain (loss) on deed restricted lot sales	-	3,000
Miscellaneous	28,316	28,462
Total revenues	1,518,396	1,262,293
Expenses:		
Administrative	234,524	221,539
Road maintenance	390,462	370,636
Water maintenance	38,307	56,643
Clubhouse	134,603	155,040
Legal	10,740	4,023
Insurance	108,980	92,685
Utilities	33,905	34,433
Recreation	2,377	2,052
Committee	18,265	14,220
Homeowner services	85,553	94,312
Office building	5,195	5,904
Depreciation	175,383	197,680
Interest	2,502	1,992
Rental management	88,825	86,819
Property taxes	25,478	24,250
Real estate operating expenses	5,953	5,669
Miscellaneous	40,445	5,996
Repair and replacement fund expenditures	179,392	3,888
Total expenses	1,580,889	1,377,781
(Deficiency) of revenues over expenses, before income taxes	(62,493)	(115,488)
Income tax expense	3,498	375
(Deficiency) of revenues over expenses	\$ (65,991)	\$ (115,863)

The accompanying notes are an integral part of the financial statements.

Chimney Hill Owners Association, Inc.

Statements of Changes in Members' Equity Years Ended March 31, 2020 and 2019

	Capital Contributions	Undesignated	Designated for Water System Improvements	Designated for Future Major Repairs and Maintenance	Total
Members' equity at March 31, 2018	\$ 275,484	\$ 1,942,370	\$ 152,365	\$ 237,738	\$ 2,607,957
(Deficiency) of revenue over expenses	-	(115,863)	-	-	(115,863)
Cumulative effect of change in accounting method, net of income taxes	-	78,580	(152,365)	(237,738)	(311,523)
Members' equity at March 31, 2019	275,484	1,905,087	-	-	2,180,571
(Deficiency) of revenue over expenses	-	(65,991)	-	-	(65,991)
Members' equity at March 31, 2020	<u>\$ 275,484</u>	<u>\$ 1,839,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,114,580</u>

The accompanying notes are an integral part of the financial statements.

Chimney Hill Owners Association, Inc.

Statements of Cash Flows Years Ended March 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
(Deficiency) of revenue over expenses	\$ (65,991)	\$ (115,863)
Adjustments to reconcile (deficiency) of revenue over expenses to net cash provided (used) by operating activities:		
Depreciation	175,383	197,680
Deferred income taxes	-	(14,830)
(Gain) on sale of assets	(1,300)	-
Cumulative effect of change in accounting method	-	78,580
(Increase) decrease in:		
Assessments receivable	24,188	(9,694)
Prepaid expenses	2,745	(1,045)
Other assets	4,722	-
Increase (decrease) in:		
Accounts payable and accrued expenses	502	(2,839)
Customer deposits	305	15,258
Deferred repair and replacement fund revenue	(113,556)	59,862
Net cash provided (used) by operating activities	26,998	207,109
Cash flows from investing activities:		
Increase in land inventory	(1,704)	(3,641)
Proceeds from sale of assets	1,300	
Purchases of property and equipment	(83,859)	(73,502)
Net cash provided (used) by investing activities	(84,263)	(77,143)
Cash flows from financing activities:		
Repayment of notes payable	(59,179)	(51,253)
Net (decrease) increase in cash	(116,444)	78,713
Cash at the beginning of the year	507,026	428,313
Cash at the end of the year	\$ 390,582	\$ 507,026

The accompanying notes are an integral part of the financial statements.

Chimney Hill Owners Association, Inc.

Notes to Financial Statements

March 31, 2020 and 2019

Note A - Nature of Operations

Chimney Hill Owners Association, Inc. (the Association) was incorporated on May 25, 1975 in the State of Vermont. The Chimney Hill development consists of 545 residential units and 422 lots located on approximately 1,200 acres in Wilmington, Vermont. The Association is responsible for the operation and maintenance of the common property within the development.

Note B - Summary of Significant Accounting Policies

Method of Accounting:

The policy of the Association is to record all transactions on the accrual basis of accounting.

Cash:

For purposes of the statements of cash flows, cash includes cash on hand and all time and demand deposits held by financial institutions.

Member Assessments Receivable:

Management of the Association has analyzed the provisions of FASB's ASC Topic 606, Revenue from Contracts with Customers, and has concluded that changes are necessary to conform with the new standard. Association members are subject to annual assessments to provide funds for the Association's operating expenses. However, revenue recognition related to assessments for future capital acquisitions, and major repairs and replacements has changed to conform to the new revenue recognition requirements. Assessments receivable represent fees due from members. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are 12 months or more delinquent. The Association provides an allowance for doubtful accounts for assessments receivable which are deemed to be potentially uncollectible. Any excess assessments at year end are retained by the Association for use in the succeeding year. Annual assessments are billed on April 1st and are payable by June 30. Interest is charged at one percent per month (retroactive to April 1) if assessments are not paid by the June 30 due date. A "Half Payment" option is available which allows one half of assessments plus a fee to be paid by May 31 with the remaining payment extended until September 30 without penalty.

Property and Equipment:

The Association capitalizes property and equipment to which it has title or other evidence of ownership. Property and equipment purchased by the Association are recorded at cost and property contributed to the Association is recorded at estimated fair value at the date of contribution. Property and equipment are depreciated using straight-line and accelerated methods over the estimated useful lives of the assets ranging from 5 to 39 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations for the period.

The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. A deduction is made for retirements resulting from the renewals or betterments.

Chimney Hill Owners Association, Inc.

Notes to Financial Statements

March 31, 2020 and 2019

Note B - Summary of Significant Accounting Policies - Continued

Land Inventory:

Land inventory consists of 174 lots which are recorded at cost. The Board of Directors has authorized the listing of a limited number of selected properties for sale on a yearly basis. In May 2001, the Association established the Deed Restricted Lots program which included 189 lots as of March 31, 2020. This program is intended to maintain and increase open spaces of Chimney Hill, and allow for the sale of land owned by the Association to adjacent owners resulting in sales and assessment revenues for the Association.

Income Taxes:

Homeowners' associations may be taxed either as homeowners' association or as regular corporations. Due to certain tax regulations related to the Association, the Association was taxed as a regular corporation for the years ended March 31, 2020 and 2019. As such, membership income is exempt from taxation and the Association is taxed only on its non-member income, at regular federal and state corporate rates. Non-member income consists primarily of rental and real estate income and interest and dividends from investments.

Management has analyzed its various federal and state income tax filings for the last three preceding years that remain open within the statute of limitations and they believe that the Association's reported revenues and deductions are well documented and supported, and that no controversial or questionable income tax reporting positions have been taken regarding these filings. Consequently, management believes that there are no unasserted tax liabilities, interest or penalties related to these filings and, accordingly, has made no provision for contingent income tax liabilities.

Use of 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 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.

Note C - Assessments Receivable

Assessments receivable consist of the following at March 31:

	2020	2019
Assessments receivable	\$ 48,320	\$ 66,008
Allowance for doubtful accounts	(23,500)	(17,000)
	<u>\$ 24,820</u>	<u>\$ 49,008</u>

Chimney Hill Owners Association, Inc.

Notes to Financial Statements

March 31, 2020 and 2019

Note D - Property and Equipment

Property and equipment consist of the following at March 31:

	2020	2019
Land and improvements	\$ 330,425	\$ 322,340
Buildings and amenities	1,853,386	1,834,467
Water system	874,861	858,915
Vehicles and equipment	1,132,569	1,052,901
Furniture and fixtures	152,656	152,656
	4,343,897	4,221,279
Less accumulated depreciation	(2,497,002)	(2,329,219)
	<u>\$ 1,846,895</u>	<u>\$ 1,892,060</u>

Note E - Note Payable to Bank

The Association has a \$150,000 line of credit with a local bank. The interest rate is at the Wall Street Journal Prime Rate plus 1% (4.25% at March 31, 2020 and 6.5% at March 31, 2019). At March 31, 2020 and 2019 there were no borrowings outstanding. The line is secured by real estate and includes an annual renewal provision.

Note F - Long-Term Debt

Long-term debt consists of the following at March 31:

	2020	2019
Note payable to Ford Motor Credit, due June 2020, payable in monthly installments of \$1,233, including interest at 6.34%, secured by a vehicle.	\$ 3,670	\$ 17,712
Note payable to Ford Motor Credit, due May 2023, payable in monthly installments of \$1,068, including interest at 4.9%, secured by a vehicle.	37,434	-
Non-interest bearing note payable to John Deere Financial, due February 2021, payable in monthly installment of \$2,091, secured by equipment.	23,005	48,101
Note payable to Ford Motor Credit, due January 2020, payable in monthly installments of \$1,113, including interest at 1.9%, secured by a vehicle.	-	11,116
	64,109	76,929
Less current portion	(37,904)	(50,333)
	<u>\$ 26,205</u>	<u>\$ 26,596</u>

Chimney Hill Owners Association, Inc.

Notes to Financial Statements

March 31, 2020 and 2019

Note F - Long-Term Debt - Continued

The amount of aggregate annual principal installments of long-term debt for the years succeeding March 31, are as follows:

<u>March 31,</u>	
2021	\$ 37,904
2022	11,791
2023	12,382
2024	2,032
	<u>\$ 64,109</u>

Note G - Member's Equity and Cumulative Change in Accounting Principal

The provisions of the Financial Accounting Standard Board ASC 606, Revenue from Contracts with Customers, became effective for the March 31, 2020 reporting period. Under this revenue recognition standard, revenue in replacement funds is recognized to the extent of replacement fund expenditures. Any prior year replacement fund balances are to be reclassified to deferred replacement fund revenue and will be recognized as revenue as future replacement fund expenditures are made.

To comply with the new standard, member's equity at March 31, 2018 in the amount of \$152,365 designated for water system improvements and \$237,738 of member's equity designated for future major repairs and maintenance has been reclassified as deferred repair and replacement fund revenue in the accompanying March 31, 2019 financial statements. Additionally, another \$59,862 of assessment revenues from the previously issued financial statements for the year ended March 31, 2019 has been reclassified to the deferred repair and replacement fund revenue.

Note H - Owners' Assessments

Annual assessments to owners for the year ended March 31, 2020 amounted to \$1,225 and \$873 per house and lot, respectively, including amounts allocated to reserves of \$100 per house and \$25 per lot. Annual assessments to owners for the year ended March 31, 2019 amounted to \$1,201 and \$867 per house and lot, respectively, including amounts allocated to reserves of \$100 per house and \$25 per lot.

The annual budget is determined by the Board of Directors and ratified by the membership. Annual assessments may be increased by the Board of Directors subject to limitations set forth in the Association's Declaration of Protective Covenants, Restrictions and Reservations. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

A special assessment of \$1,100 for Clubhouse additions and renovations was levied against each homeowner in the year ended March 31, 2013. One half of the total assessment was due March 31, 2013 and the second payment was due October 31, 2013. Lot owners are deferred from this special assessment until such time as the property is built upon which time the full assessment of \$1,100 will become due.

Chimney Hill Owners Association, Inc.

Notes to Financial Statements

March 31, 2020 and 2019

Note I - Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank accounts and generally are not available for normal operations.

The Reserve Advisors, Inc. (a consulting firm) conducted a study in August 2009 to estimate the remaining useful lives and the future replacement costs of the components of common property. Funding requirements consider an annual inflation rate of 2.5 % and interest of 2.5 % on amounts funded for future major repairs and replacements. The table included in the unaudited supplementary information of Future Major Repairs and Replacements is based on this study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs with consideration given to amounts previously accumulated in the replacement fund.

Actual expenditures may vary from the estimated future expenditures, 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 Association has the right to increase regular assessments (as limited by the Association's Covenants), delay major repairs and replacements until funds are available or pass special assessments.

Note J - Leases

The Association leases certain office equipment under noncancelable operating leases with terms of four years. Lease payments for the years ended March 31, 2020 and 2019 were \$6,676 and \$4,132, respectively.

Future minimum lease payments under non-cancelable leases are as follows:

<u>Years ending March 31,</u>	
2021	\$ 5,743
2022	5,743
2023	4,307
	<u>\$ 15,793</u>

The Association leases office space to a corporation controlled by the Executive Director of the Association. This corporation is acting as a real estate broker in assisting the Association in maintaining the value and marketing of properties in the Association. Terms of the lease require rent to be equal to a percentage of gross commissions generated by this corporation, and for the Association to share operating expenses with the corporation (2/3% to the Association and 1/3% to the corporation). For the years ended March 31, 2020 and 2019 the Association received \$38,180 and \$32,789, respectively, in lease income and incurred \$5,953 and \$5,669, respectively, in operating expenses under the lease agreement.

Chimney Hill Owners Association, Inc.

Notes to Financial Statements

March 31, 2020 and 2019

Note K - Income Taxes

For the years ended March 31, 2020 and 2019, the Association was taxed as a regular corporation. Income tax expense consists of the following at March 31:

	2020	2019
Federal income tax expense (benefit)	\$ 2,654	\$ -
State income tax expense (benefit)	844	375
	<u>\$ 3,498</u>	<u>\$ 375</u>

Note L - Supplemental Disclosure of Cash Flow Information

	2020	2019
Cash paid during the year for:		
Interest	\$ 2,502	\$ 1,992
Income taxes paid	\$ -	\$ 1,281
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of vehicle financed through Ford Motor Credit	\$ 46,359	\$ -

Note M - Credit Risk

The Association maintains deposits in several financial institutions. At March 31, 2020 and 2019, all of the Association's bank deposits were fully insured by the Federal Deposit Insurance Corporation.

Note N - Date of Subsequent Events Evaluation and Subsequent Events

The Association has evaluated its March 31, 2020 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to have a negative impact on the results of the operations of the Association. The potential impact is unknown at this time.

Subsequent to year end, the Association applied for and was approved a \$108,790 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Association is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Chimney Hill Owners Association, Inc.

Supplementary Information of Future Major Repairs and Replacements

March 31, 2020

An independent engineer conducted a study in August 2009 to estimate the remaining useful lives and replacement costs of the components of common property. Funding requirements consider an annual inflation rate of 2.5 percent and interest of 2.5 percent, on amounts funded for future major repairs and replacements.

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

Component	Estimated Remaining Useful Life (Years)	Future Replacement Cost	Funds Currently Held In Replacement Fund
Property site elements:	10-30	\$ 4,023,108	\$ 159,380
Gravel roads			
Tennis and basketball courts			
Water system			
Garages			
Outbuildings			
Trails			
Grounds			
Maintenance vehicle elements	10-20	3,888,588	48,212
Clubhouse and office building elements	20	1,060,933	69,788
Pool elements	20	914,028	24,286
Contingency/miscellaneous	20	5,500	13,455
		<u>\$ 9,892,157</u>	<u>\$ 315,121</u>

Chimney Hill Owners Association
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Address Service Requested

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