

Stonegate Homes at Suffern

Financial Statements
March 31, 2015 and 2014

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors and Members of Stonegate Homes at Suffern:

I have reviewed the accompanying balance sheet of Stonegate Homes at Suffern (Stonegate) as of March 31, 2015, and the related statements of revenue and expenses and changes in members' equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association personnel. A review is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended March 31, 2014, were audited by me and I expressed an unmodified opinion on them in my report dated June 24, 2014, but I have not performed any auditing procedures since that date.

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 10 to be presented to supplement the basic financial statements. Such information, although not part of the basis financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance on the information.


Mark A. Cygielman
Certified Public Accountant

June 8, 2015

Stonegate Homes At Suffern
 Balance Sheets
 March 31, 2015 and 2014

	<u>Reviewed 2015</u>	<u>Audited 2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,975	
Cash and cash equivalents-designated as reserves	243,102	\$ 375,414
Arrearages receivable	39,966	27,472
Prepaid expenses	44,290	42,421
Deposits		10,400
Total Current Assets	<u>341,333</u>	<u>455,707</u>
Other Assets		
Refundable security deposits	<u>49,085</u>	<u>43,310</u>
Total Other Assets	<u>49,085</u>	<u>43,310</u>
Total Assets	<u><u>\$ 390,418</u></u>	<u><u>\$ 499,017</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 23,267	\$ 49,678
Income taxes payable	1,892	1,768
Prepaid common charges	3,055	2,169
Total Current Liabilities	<u>28,214</u>	<u>53,615</u>
Other Liabilities		
Refundable security deposits	<u>49,085</u>	<u>43,310</u>
Total Liabilities	<u>77,299</u>	<u>96,925</u>
Members' Equity		
Undesignated	70,017	26,678
Designated as reserves	243,102	375,414
Total Members' Equity	<u>313,119</u>	<u>402,092</u>
Total Liabilities and Members' Equity	<u><u>\$ 390,418</u></u>	<u><u>\$ 499,017</u></u>

See accompanying notes to financial statements.

Stonegate Homes At Suffern
 Statements of Revenues and Expenses
 For the years ended March 31, 2015 and 2014

	Reviewed 2015	Audited 2014
REVENUES		
Member assessments	\$ 811,425	\$ 809,461
Fees and fines	6,173	3,250
Interest income	575	707
Rental income	8,700	8,425
Other income	867	210
Total Revenues	<u>827,740</u>	<u>822,053</u>
REPAIRS AND MAINTENANCE EXPENSES		
Snow removal	100,139	94,599
Landscaping contract	56,712	55,600
Plumbing	38,942	50,673
Maintenance contract	39,650	39,650
Decks	25,553	38,382
Painting	40,034	25,535
Electrical	44,101	22,123
Landscaping improvements	27,693	21,837
Parking lot		18,875
Carpentry/other	30,947	18,347
Concrete steps	20,852	17,948
Railings	21,377	5,900
Gutters	5,459	7,440
Water softener supplies	4,561	5,417
Exterminator	5,605	4,086
Roofs	740	
Boilers	25,765	
Sidewalks	13,497	
Hallways		4,075
Carpeting in hallways	12,789	
Patios	14,120	
Total Repairs and Maintenance Expenses	<u>528,536</u>	<u>430,487</u>
OPERATING EXPENSES		
Utilities:gas, electric, sewer and water	263,437	287,882
Insurance	62,296	62,017
Management fees	21,771	21,771
Bad debts		15,546
Bookkeeping service	9,486	9,486
Legal and accounting fees	18,273	8,828
Security	4,085	898
Office supplies, postage, telephone and bank charges	6,601	7,520
Laundry room commission	336	2,201
Income taxes	1,892	1,768
Total Operating Expenses	<u>388,177</u>	<u>417,917</u>
Total Expenses	<u>916,713</u>	<u>848,404</u>
Excess of Expenses over Revenues	<u>\$ (88,973)</u>	<u>\$ (26,351)</u>

See accompanying notes to financial statements.

Stonegate Homes At Suffern
 Statements of Changes in Members' Equity
 For the years ended March 31, 2015 and 2014

	Total	Undesignated	Designated for Future Repairs and Replacements
Members' Equity at March 31, 2013	\$ 428,443	\$ 47,688	\$ 380,755
Excess of expenses over revenues	(26,351)	(26,351)	
Allocated to future major repairs and replacements:			
Major repairs and replacements:			
Parking lot		8,875	(8,875)
Plumbing		10,300	(10,300)
Hallways		4,075	(4,075)
Transfers from undesignated equity		(17,909)	17,909
Members' Equity at March 31, 2014	402,092	26,678	375,414
Excess of expenses over revenues	(88,973)	(88,973)	
Allocated to future major repairs and replacements:			
Major repairs and replacements:			
Painting		28,817	(28,817)
Boilers		25,765	(25,765)
Patios		14,120	(14,120)
Sidewalks		13,497	(13,497)
Carpeting		12,789	(12,789)
Transfers from undesignated equity		37,324	(37,324)
Members' Equity at March 31, 2015	<u>\$ 313,119</u>	<u>\$ 70,017</u>	<u>\$ 243,102</u>

See accompanying notes to financial statements.

Stonegate Homes At Suffern
 Statements of Cash Flows
 For the years ended March 31, 2015 and 2014

	Reviewed 2015	Audited 2014
Cash Flows From Operating Activities		
Excess of revenues over expenses	\$ (88,973)	\$ (26,351)
Adjustments to reconcile excess of expenses over revenues to cash provided by operating activities:		
(Increase) decrease in:		
Arrearages receivable	(12,494)	4,164
Prepaid expenses	(1,869)	(10,111)
Refundable security deposits	(5,775)	1,874
Deposits	10,400	(10,400)
(Decrease) Increase in:		
Accounts payable and accrued expenses	(26,411)	20,121
Income taxes payable	124	322
Prepaid common charges	886	(1,150)
Refundable security deposits	5,775	(1,874)
Net Cash (Used in) Provided by Operating Activities	<u>(118,337)</u>	<u>(23,405)</u>
Cash At Beginning Of Year	375,414	398,819
Cash At End Of Year	<u>\$ 257,077</u>	<u>\$ 375,414</u>
Supplemental Disclosure:		
Income taxes paid	\$ 1,768	\$ 1,446

See accompanying notes to financial statements.

Stonegate Homes at Suffern
Notes to Financial Statements
March 31, 2015 and 2014

Note A - Nature of Organization

Stonegate Homes at Suffern is an unincorporated condominium association authorized by the State of New York for the purposes of operating and maintaining the common property of Stonegate Homes at Suffern. Stonegate Homes at Suffern consists of 176 residential units located in Suffern, New York. The Association began its operations in 1970.

Note B - Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include investments in highly liquid instruments available for current use with an initial maturity of three months or less.

Accounts Receivable – Members

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel to collect assessments from delinquent unit owners. If mortgage principal exceeds equity in the unit, the receivable is written off. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Income Taxes

The Association filed its income tax returns as a homeowners' association in accordance with Internal Revenue Code Section 528 for the years ended March 31, 2013, 2014 and 2015. Under that Section, the Association is not taxed on uniform assessments to members and other income from association members solely as a function of their membership in the Association. The Association is taxed at the federal rate of 30% on its nonexempt function income, which includes interest income and revenue received from nonmembers. For state income tax purposes, the Association is taxed on the higher of net income from nonmembership activities or capital base derived from the average value of assets less liabilities.

Stonegate Homes at Suffern
Notes to Financial Statements
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Uncertainty in Income Taxes

The Association has adopted the provisions of FASB ASC Reference 740, Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement no. 109 (FIN 48). Under FIN 48, an entity must recognize the tax benefit associated with tax positions for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. Stonegate Homes at Suffern does not believe it has taken any material uncertain tax positions and, accordingly has not recorded any liability for unrecognized tax benefits.

Stonegate Homes at Suffern income tax returns for the years ended March 31, 2014, 2013 and 2012 are subject to examination by taxing authorities three years after they were filed.

Property and Equipment

Real property and common areas are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. Personal property is capitalized at cost.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note C - Refundable Deposits

The Association has adopted a policy of requiring owners who sub-lease their units to deposit security in the amount of one months rent. Deposits are maintained in a separate interest-bearing account.

Note D - Concentration of Risk

The Association has interest bearing and non-interest bearing deposits in two local banks. Deposits are insured for \$250,000 per depositor. At March 31, 2015, deposits did not exceed depository coverage.

Stonegate Homes at Suffern
Notes to Financial Statements
March 31, 2015 and 2014

Note E - Rental Unit Code Compliance

The Association has one rental unit in a basement that might be outside the zoning code, although it has been in use for over 30 years. It has been deemed in compliance with building and safety codes. The board of managers has applied for a zoning code change or variance, and budgeted \$30,000 for this process. As of March 31, 2015, \$16,133 has been expended.

Stonegate Homes At Suffern
 Supplementary Information on Future Major Repairs and Replacements (Unaudited)
 March 31, 2015

The Association's board of managers conducted a study in March 2007 to estimate the remaining useful lives and replacement costs of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs and funding requirements do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

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

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Cost	2015-2016 Funding Requirement	Components of Fund Balance at March 31, 2015
Plumbing - Heating system and boilers	5	\$ 90,000	\$ 10,000	\$ 29,475
Carpets	5	15,000	5,000	2,211
Sidewalk, curb and patio replacement	7	37,000	5,000	0
Decks	1	30,000	5,000	0
Building pointing	1	15,000	0	(6,331)
Painting - buildings and common halls	1 to 5	95,000	10,000	32,625
Parking lot resurfacing	10	70,000	5,000	61,125
Railings, utility doors and meter replacement	3	18,000	0	0
Roofs, leaders and gutters	20	75,000	10,000	68,564
Totals		<u>\$ 445,000</u>	<u>\$ 50,000</u>	<u>\$ 187,669</u>
General reserves				55,433
Total Reserve Fund Balance				<u>\$ 243,102</u>