

FOXWOOD CONDOMINIUM I

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

**(With comparative financial information
as of and for the year ended
September 30, 2014)**

FOXWOOD CONDOMINIUM I
SEPTEMBER 30, 2015 & 2014
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GROSSBACH ZAINO & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Managers of
Foxwood Condominium I
Pleasantville, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Foxwood Condominium I (Entity) which comprise the balance sheets as of September 30, 2015 and the related 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. The comparative information of Foxwood Condominium I as of September 30, 2014 was audited by other auditors whose report dated October 31, 2014 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the 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 the procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 above present fairly, in all material respects, the financial position of Foxwood Condominium I as of September 30, 2015 and the results of its operations, changes in its fund balance and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Statement of Repairs and Maintenance on Page 9 is presented for purposes of additional analysis and is not required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole

Omission of Required Supplementary Information about Future Major Repairs and Replacements

As discussed in Note 8, the Board of Managers has omitted the information about the estimates of future costs of 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 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. Our opinion on the basic financial statements is not affected by the missing information.

Grossbach, Zaino, & Associates, CPAs, PC

Grossbach Zaino & Associates, CPA's, PC

Rye Brook, NY

December 3, 2015

FOXWOOD CONDOMINIUM I
BALANCE SHEETS

ASSETS	SEPTEMBER 30,	
	2015	2014
CURRENT ASSETS		
Cash in Checking	\$ 29,701	\$ 298
Cash in Savings	49,042	48,779
Total Cash	<u>78,743</u>	<u>49,077</u>
OTHER ASSETS		
Prepaid Assets	-	2,794
Due From Unit Owners	1,642	391
Total Current Assets	<u>80,385</u>	<u>52,262</u>
TOTAL ASSETS	<u><u>\$ 80,385</u></u>	<u><u>\$ 52,262</u></u>
LIABILITIES & FUND BALANCE		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 23,059	\$ 30,079
Prepaid Assessments	547	489
TOTAL LIABILITIES	<u>23,606</u>	<u>30,568</u>
FUND BALANCE		
Undesignated	<u>56,779</u>	<u>21,694</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 80,385</u></u>	<u><u>\$ 52,262</u></u>

The Accompanying Notes and Independent Auditors Report are an Integral Part of the Financial Statements.

FOXWOOD CONDOMINIUM I
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

	FOR THE YEARS ENDED SEPTEMBER 30,	
	2015	2014
REVENUES		
Maintenance Assessments	\$ 461,440	\$ 412,356
Assessment income	31,039	43,611
Interest Income	263	281
Insurance Claim	-	21,115
Other	7,782	9,356
TOTAL REVENUE	<u>500,524</u>	<u>486,719</u>
EXPENSES		
Foxwood Homeowners Association Fees	<u>197,303</u>	<u>186,478</u>
	197,303	186,478
Administrative Expenses:		
Income Taxes	504	240
Professional Fees	3,100	3,000
Office Related	100	408
Total Administrative Expenses	<u>3,704</u>	<u>3,648</u>
Common Area Expenses Specific to Condominium I:		
Maintenance and Repairs	36,201	42,767
Special Projects	-	124,100
Landscaping Maintenance	14,374	5,203
Heating Related Repairs & Maintenance	15,508	9,582
Total Common Area Expenses Specific to Condominium I	<u>66,083</u>	<u>181,652</u>
Utility Expenses:		
Fuel Oil	147,682	173,156
Electricity	13,625	13,216
Water	37,042	35,100
Total Utility Expenses	<u>198,349</u>	<u>221,472</u>
TOTAL EXPENSES	<u>465,439</u>	<u>593,250</u>
Excess (Deficit) of Revenues over Expenses	<u>35,085</u>	<u>(106,531)</u>
Beginning Fund Balance	21,694	128,225
Ending Fund Balance	<u>\$ 56,779</u>	<u>\$ 21,694</u>

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**FOXWOOD CONDOMINIUM I
STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED SEPTEMBER 30,	
CASH FLOW FROM OPERATING ACTIVITIES	2015	2014
Excess (Deficit) of Revenues over Expenses	\$ 35,085	\$ (106,531)
Adjustments To Reconcile Excess Of Revenues Over Expenses To Net Cash Provided (Used In) By Operating Activities:		
(Increase)/Decrease in:		
Prepaid Assets	2,794	9,726
Due From Unit Owners	(1,251)	15,835
	<u>1,543</u>	<u>25,561</u>
(Decrease)/Increase in:		
Accounts Payable and Accrued Expenses	(7,020)	(10,737)
Due to Related Party	-	(4,195)
Prepaid Assessments	58	(50)
	<u>(6,962)</u>	<u>(14,982)</u>
Net Cash Provided By (Used In) Operating Activities	<u>29,666</u>	<u>(95,952)</u>
CASH AT BEGINNING OF PERIOD	49,077	145,029
CASH AT END OF PERIOD	<u>\$ 78,743</u>	<u>\$ 49,077</u>
 <i>SUPPLEMENTAL DISCLOSURES:</i>		
INCOME TAX PAID	\$ 437	\$ 240
Interest Paid	\$ -	\$ -

The Accompanying Notes and Independent Auditors Report are an Integral Part of the Financial Statements.

FOXWOOD CONDOMINIUM I
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 & 2014

NOTE 1 – NATURE OF ORGANIZATION

Foxwood Condominium I (Fox I) consists of 65 units and was established in October 1977, in the State of New York. Fox I is one of three entities that make up Foxwood Condominiums in Pleasantville, NY. The other two entities are known as Foxwood Condominiums II & III (Fox II & Fox III) that consist of 88 and 101 units respectively. In addition there is Foxwood Homeowners Association, Inc. (FHA) which Fox I pay a proportionate fee to for the general common area maintenance and insurance of Foxwood Condominiums. Fox I is responsible for the direct operation and maintenance of the common property within its development. In accordance with its by-laws a Board of Managers govern Fox I.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

Fox I maintains its accounts using fund and accrual accounting. Financial resources are classified for accounting and reporting purposes as operating funds. Fox I has not set up a separate replacement fund.

Depreciation

Capitalized equipment is depreciated over its estimated useful life using the straight line method of depreciation. At September 30, 2015 and 2014 there was no capitalized equipment.

Cash and Cash Equivalents

Fox I considers securities purchased with maturities of three months or less to be cash equivalents.

Maintenance Assessments

Fox I unit owners are subject to monthly maintenance assessments to provide funds for Fox I's direct operating expenses, repairs and replacements. In addition a portion of these maintenance assessments are paid to FHA for the common area maintenance and insurance. Amounts due from unit owners represent maintenance assessments receivable at September 30, 2015 and 2014. Fox I's policy is to retain legal counsel on those unit owners whose common assessments are delinquent 90 days or more. Any excess common assessments at year-end are retained by Fox I for use in the succeeding year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Homeowners' associations may be taxed either as homeowner associations or as regular corporations. In fiscal years 2015 and 2014, Fox I elected to be taxed as a homeowner association. Under that election, Fox I is taxed on its nonexempt function income, such as interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. Fox I is liable for the minimum NYS franchise tax in fiscal years 2015 and 2014.

Fox I's tax filings are subject to examination by the Internal Revenue Service and/or New York State Taxation and Finance. The years open are fiscal years 2015, 2014 and 2013. In evaluating Fox I's tax provisions and accruals, management believes that its estimates are appropriate based on current facts and circumstances.

Property and Equipment

Fox I capitalizes all equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. Real property and common areas acquired from the developer and related improvements to such property are not recorded in Fox I's financial statements because those properties are owned by the individual unit owners in common and not by Fox I.

Subsequent Events

In preparing the financial statements, Fox I has evaluated events and transactions for potential recognition or disclosure through December 31, 2015 the date the financial statements were available to be issued.

NOTE 3 – UNINSURED CASH BALANCES

Fox I has interest-bearing deposits and a checking account with a commercial bank. At September 30, 2015 and 2014, Fox I deposits did not exceed federal depository insurance coverage (FDIC).

NOTE 4 – MAINTENANCE ASSESSMENTS

Maintenance assessments are billed to the unit owners on the first of the month at which time revenue is recognized. In fiscal year 2014 the Fox I Board of Managers approved a number of improvement measures including painting of the buildings, replace the boiler that provides heat and hot water to Buildings 16-20-24 and upgrade boiler rooms equipment efficiency. This work requires an investment totaling \$124,500 of which was assessed beginning in July 2013. The unit owners had the choice to make a one lump payment in July 2013 and receive a 5% discount or pay the assessment over 24 monthly equal installments. Twenty one unit owners opted to take the discount yielding a discount of \$2,002. Therefore the total to be collected for the assessment will be \$124,500 less \$2,002 or \$122,498.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the years ended September 30, 2015 and 2014, Fox I has collected maintenance assessments from its unit holders and remitted a portion to FHA for the purpose of maintaining the common areas and insurance of the property. On occasion, expenses have been paid and assessments receipted on behalf of the other associations.

In fiscal years 2015 and 2014 Fox I submitted 25.6% of the total budget of FHA or \$197,303 and \$186,478 for common area maintenance and insurance.

NOTE 6 – PREPAID ASSESSMENTS

Prepaid assessments consist of fees received in advance of their due date.

NOTE 7 – SPECIAL PROJECTS

In fiscal year 2014 Fox I performed extraordinary repairs or replacements amounting to \$13,945 for roof gutters which are classified as special projects. There were no special projects in fiscal 2015.

NOTE 8 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

Fox I has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the board of managers developed a plan to fund those needs. When funds are required for major repairs and replacements, Fox I plans to borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

FOXWOOD CONDOMINIUMS I
SCHEDULE OF MAINTENANCE & REPAIRS

FOR THE YEAR ENDED
SEPTEMBER 30,

	2015	2014
Common Area Expenses Specific to Fox 1 Condo		
Maintenance & Repairs		
EXTERMINATING	8,292	4,755
NORMAL REPAIRS & MAINTENANCE	10,742	29,144
MATERIALS / SUPPLIES / EQUIP.	304	2,527
PLUMBING REPAIRS	2,020	1,179
ELECTRICAL REPAIRS	2,929	102
DRYER	4,212	-
MASONRY	2,567	-
SEWER / SEPTIC MAINTENANCE	3,512	966
SUMP PUMP	1,623	4,094
TOTAL	<u>36,201</u>	<u>42,767</u>
Landscaping & Treework		
LANDSCAPING	4,281	844
TREE WORK	10,093	4,359
TOTAL	<u>14,374</u>	<u>5,203</u>
Heating Related Repairs & Maintenance		
DNU HVAC Repairs	15,508	9,582
TOTAL	<u>15,508</u>	<u>9,582</u>

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