

FOXWOOD CONDOMINIUM II
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 and 2015

FOXWOOD CONDOMINIUM II

SEPTEMBER 30, 2016 & 2015

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GROSSBACH ZAINO & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Foxwood Condominium II (Entity) which comprise the balance sheets as of September 30, 2016 and 2015 and the related statements of revenues, expenses and changes in fund balances, 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 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 II as of September 30, 2016 and 2015 and the results of its operations, changes in its fund balances 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, CPA's PC

Grossbach Zaino & Associates, CPA's, PC

Rye Brook, NY

December 22, 2016

FOXWOOD CONDOMINIUM II
BALANCE SHEETS

ASSETS

	SEPTEMBER 30,	
	2016	2015
CURRENT ASSETS		
Cash in Checking	\$ 162,111	\$ 57,384
Cash in Savings	104,763	104,239
Total Cash	<u>266,874</u>	<u>161,623</u>
OTHER ASSETS		
Due From Unit Owners	3,184	4,131
Total Current Assets	<u>3,184</u>	<u>4,131</u>
TOTAL ASSETS	<u><u>\$ 270,058</u></u>	<u><u>\$ 165,754</u></u>
LIABILITIES & FUND BALANCE		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 26,724	\$ 28,847
Prepaid Assessments	-	666
TOTAL LIABILITIES	<u>26,724</u>	<u>29,513</u>
FUND BALANCE		
Undesignated	<u>243,334</u>	<u>136,241</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 270,058</u></u>	<u><u>\$ 165,754</u></u>

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

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

	FOR THE YEARS ENDED	
	SEPTEMBER 30,	
	2016	2015
REVENUES		
Maintenance Assessments	\$ 621,778	\$ 621,718
Interest Income	566	519
Other	12,508	5,502
TOTAL REVENUE	634,852	627,739
EXPENSES		
Foxwood Homeowners Association Fees	267,118	267,118
	267,118	267,118
Administrative Expenses:		
Income Taxes	597	4,970
Professional Fees	3,200	3,100
Office Related	149	100
Total Administrative Expenses	3,946	8,170
Common Area Expenses Specific to Condominium II:		
Maintenance and Repairs	32,688	40,924
Special Projects	51,109	18,900
Heating Related Repairs & Maintenance	13,536	18,319
Landscaping Maintenance	7,183	5,646
Total Building Operations	104,516	83,789
Utility Expenses:		
Fuel Oil	101,620	176,423
Electricity	13,228	16,271
Water	37,331	46,128
Total Utility Expenses	152,179	238,822
TOTAL EXPENSES	527,759	597,899
Excess of Revenues over Expenses	107,093	29,840
Beginning Fund Balance	136,241	106,401
Ending Fund Balance	\$ 243,334	\$ 136,241

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

FOXWOOD CONDOMINIUM II
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED SEPTEMBER 30,	
CASH FLOW FROM OPERATING ACTIVITIES	2016	2015
Excess of Revenues over Expenses	\$ 107,093	\$ 29,840
Adjustments To Reconcile Revenue over Expenses To Net Cash Provided By Operating Activities:		
(Increase)/Decrease in:		
Prepaid Assets	-	4,773
Due From Unit Owners	947	(599)
	947	4,174
(Decrease)/Increase in:		
Accounts Payable and Accrued Expenses	(2,123)	(16,204)
Due to Related Party	-	-
Prepaid Assessments	(666)	2
	(2,789)	(16,202)
Net Cash Provided by Operating Activities	105,251	17,812
CASH AT BEGINNING OF PERIOD	161,623	143,811
CASH AT END OF PERIOD	\$ 266,874	\$ 161,623
<i>SUPPLEMENTAL DISCLOSURES:</i>		
INCOME TAX PAID	\$ 597	\$ 197
Interest Paid	\$ -	\$ -

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

FOXWOOD CONDOMINIUM II
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 & 2015

NOTE 1 – NATURE OF ORGANIZATION

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

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

Fox II maintains its accounts using fund and accrual accounting. Financial resources are classified for accounting and reporting purposes as operating funds. Fox II 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, 2016 and 2015 there was no capitalized equipment.

Cash and Cash Equivalents

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

Maintenance Assessments

Fox II unit owners are subject to monthly maintenance assessments to provide funds for Fox II'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, 2016 and 2015. Fox II'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 II 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 amounts of 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 2016 and 2015, Fox II elected to be taxed as a homeowner association. Under that election, Fox II 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 II is liable for the minimum NYS franchise tax in fiscal years 2016 and 2015.

Fox II'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 2016, 2015 and 2014. In evaluating Fox II's tax provisions and accruals, management believes that its estimates are appropriate based on current facts and circumstances.

Property and Equipment

Fox II 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 the Fox II's financial statements because those properties are owned by the individual unit owners in common and not by Fox II.

Subsequent Events

In preparing the financial statements, Fox II has evaluated events and transactions for potential recognition or disclosure through December 22, 2016 the date the financial statements were available to be issued.

NOTE 3 – UNINSURED CASH BALANCES

Fox II has interest-bearing deposits and a checking account with a commercial bank. At September 30, 2016 and 2015, Fox II 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.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the years ended September 30, 2016 and 2015, Fox II has collected maintenance assessments from its unit holders and remitted a portion to FHA for the purpose of maintaining the common areas of the property. On occasion, expenses have been paid and assessments receipted on behalf of the other associations, Fox I, Fox III and FHA. Payables have been established for these amounts as of September 30, 2016

In fiscal years 2016 and 2015 Fox II submitted 34.6% of the total budget of FHA or \$267,118 for the 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 2015 and 2014 Fox II performed extraordinary repairs or replacements which are classified as special projects. The special projects were as follows at September 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Painting	<u>\$51,109</u>	<u>\$18,900</u>

NOTE 8– FUTURE MAJOR REPAIRS AND REPLACEMENTS

Fox II 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 II 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 II
SCHEDULE OF MAINTENANCE & REPAIRS

FOR THE YEAR ENDED
SEPTEMBER 30,
2016 2015

Common Area Expenses Specific to Condominium III:

Maintenance & Repairs

EXTERMINATING	9,812	6,994
NORMAL REPAIRS & MAINTENANCE	9,212	19,096
MATERIALS / SUPPLIES / EQUIP.	1,505	1,391
PLUMBING REPAIRS	97	484
ELECTRICAL REPAIRS	513	5,069
DRYER	-	5,579
MASONRY	11,119	1,534
SEWER / SEPTIC MAINTENANCE	430	-
CLEANING & TRASH REMOVAL	-	777
TOTAL	<u>32,688</u>	<u>40,924</u>

Landscaping & Treework

LANDSCAPING	4,015	2,210
TREE WORK	<u>3,168</u>	<u>3,436</u>
TOTAL	<u>7,183</u>	<u>5,646</u>

Heating Related Repairs & Maintenance

BOILER / HVAC REPAIRS	13,536	16,634
ROOF	-	1,685
TOTAL	<u>13,536</u>	<u>18,319</u>

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