

FOXWOOD CONDOMINIUM II

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

FOXWOOD CONDOMINIUM II

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheets	3
Statements of Revenues, Expenses and Changes in Members' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8
Supplementary Information	
Schedules of Repairs and Maintenance	9



GROSSBACH ZAINO & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To The Board of Managers of
Foxwood Condominium II

Report on the Financial Statements

We have audited the accompanying financial statements of Foxwood Condominium II (the "Condominium") which comprise the balance sheets as of September 30, 2018 and 2017, and the related statements of revenues, expenses and 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits 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 Condominium'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 Condominium'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, 2018 and 2017 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information 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

Management 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

Rye Brook, New York
February 11, 2019

**FOXWOOD CONDOMINIUM II
BALANCE SHEETS
SEPTEMBER 30,**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 459,631	\$ 357,235
Common charges and other receivables	<u>2,076</u>	<u>1,153</u>
Total current assets	<u>461,707</u>	<u>358,388</u>
TOTAL ASSETS	<u><u>\$ 461,707</u></u>	<u><u>\$ 358,388</u></u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 35,154	\$ 28,299
Prepaid common charges	<u>6,986</u>	<u>2,392</u>
Total current liabilities	<u>42,140</u>	<u>30,691</u>
MEMBERS' EQUITY		
Members' equity	<u>419,567</u>	<u>327,697</u>
Total members' equity	<u>419,567</u>	<u>327,697</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 461,707</u></u>	<u><u>\$ 358,388</u></u>

See notes to financial statements.

FOXWOOD CONDOMINIUM II
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2018</u>	<u>2017</u>
REVENUES		
Common charges	\$ 621,778	\$ 621,778
Interest income	877	132
Other income	<u>5,526</u>	<u>11,871</u>
TOTAL REVENUES	<u>628,181</u>	<u>633,781</u>
EXPENSES		
Homeowners association fees	267,118	267,118
Fuel costs	116,202	113,489
Electric	14,425	13,841
Water and sewer charges	47,300	39,920
Repairs and maintenance	42,544	33,860
Special projects	38,886	64,409
Landscaping and tree work	4,663	13,027
Professional fees	4,680	3,323
Office administration	36	73
Corporation taxes	<u>457</u>	<u>358</u>
TOTAL EXPENSES	<u>536,311</u>	<u>549,418</u>
EXCESS OF REVENUES OVER EXPENSES	91,870	84,363
MEMBERS' EQUITY - BEGINNING OF YEAR	<u>327,697</u>	<u>243,334</u>
MEMBERS' EQUITY - END OF YEAR	<u><u>\$ 419,567</u></u>	<u><u>\$ 327,697</u></u>

See notes to financial statements.

**FOXWOOD CONDOMINIUM II
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 91,870	\$ 84,363
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
(Increase) decrease in assets:		
Common charges and other receivables	(923)	2,031
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	6,855	1,575
Prepaid common charges	4,594	2,392
	<u>102,396</u>	<u>90,361</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>102,396</u>	<u>90,361</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,396	90,361
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>357,235</u>	<u>266,874</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 459,631</u>	<u>\$ 357,235</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Income taxes paid	<u>\$ 457</u>	<u>\$ 358</u>

See notes to financial statements.

**FOXWOOD CONDOMINIUM II
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 1 - NATURE OF ORGANIZATION

Foxwood Condominium II (the "Condominium") was incorporated in the State of New York, on October 1, 1977. The Condominium consists of 88 units and is one of three entities that make up Foxwood Condominiums in Pleasantville, NY. The other two entities, Foxwood Condominiums I & III (Fox I and Fox III) consist of 65 and 101 units, respectively. In addition, there is Foxwood Homeowners Association, Inc. (FHA) which the Condominium pays a proportionate fee to for the general common area maintenance and insurance of Foxwood Condominiums. The Condominium 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 the Condominium.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Condominium considers highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Common Charges and Other Receivables

The Condominium unit owners are subject to monthly maintenance charges to provide funds for the Condominium's direct operating expenses, future capital acquisitions and major repairs replacements. In addition a portion of these common charges are paid to FHA for common area maintenance and insurance. Common charges and other receivables at the balance sheet date represents amounts due from unit holders. The Condominium's policy is to retain legal counsel to pursue collection of common charges that are delinquent 90 days or more. Any excess common assessments at year-end are retained by Fox II for use in the succeeding year.

Property and Equipment

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

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.

FOXWOOD CONDOMINIUM II
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reclassifications

Certain accounts in the September 30, 2017 financial statements have been reclassified to conform to the September 30, 2018 presentation. Such reclassifications have no effect on previously reported excess of revenues over expenses.

Date of Management's Review

In preparing the financial statements, the Condominium has evaluated events and transactions for potential recognition or disclosure through February 11, 2019, the date the financial statements were available to be issued.

NOTE 3 - COMMON CHARGES AND ASSOCIATION FEES

Common charges are billed to the unit owners on the first of the month at which time revenue is recognized.

During the years ended September 30, 2018 and 2017, the Condominium collected common charges from its unit holders and remitted a portion to the FHA for the purpose of maintaining the common areas and insurance of the property.

In fiscal years 2018 and 2017, the Condominium paid \$267,118 to the FHA for association fees, which represents 34.65% of the FHA budget.

NOTE 4 - INCOME TAXES

Under the Internal Revenue Code, homeowner associations, can elect to be taxed either as a homeowner association, if certain tests are met, or as a regular corporation. Under that election, the Condominium is taxed on as a nonexempt function income, such as interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member charges, is not taxable. In fiscal years 2018 and 2017, the Condominium elected to be taxed as a homeowner association. The Condominium may elect either method for any year and will generally select the method that results in the lowest tax due.

The Condominium follows ASC 740 -10 "Income Taxes" regarding uncertain tax positions. The Condominium recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Condominium had no uncertain tax positions as of September 30, 2018 that would require recognition or disclosure in the financial statements.

The Condominium is subject to routine audits; however, at September 30, 2018, there are no audits in progress. The Condominium is no longer subject to income tax examinations for years prior to September 30, 2014.

**FOXWOOD CONDOMINIUM II
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

NOTE 5 - CASH AND CASH EQUIVALENTS

The Condominium maintains its cash and cash equivalents at financial institutions in the New York metropolitan area. Accounts at each financial institution are insured by the federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At September 30, 2018, the Condominium had approximately \$106,000 on deposit in excess FDIC insurance.

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Condominium has not conducted an outside 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 Condominium developed a plan to fund those needs. When funds are required for major repairs and replacements, the Condominium plans to borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

The board of managers have developed an internal plan to estimate the costs of major repairs and replacements that may be required in the future.

**FOXWOOD CONDOMINIUM II
SCHEDULES OF REPAIRS AND MAINTENANCE
FOR THE YEARS ENDED SEPTEMBER 30,**

	2018	2017
REPAIRS AND MAINTENANCE		
Exterminating	\$ 7,505	\$ 3,646
Other repairs and maintenance	11,328	4,455
Materials and supplies	954	1,064
Plumbing repairs	1,394	1,509
Electrical repairs	-	429
Dryer repairs	-	5,669
Waterproofing	6,490	-
Sewer and septic maintenance	6,357	671
Paving and catch basin repairs	-	2,200
Boiler and HVAC repairs	8,516	14,217
TOTAL REPAIRS AND MAINTENANCE	\$ 42,544	\$ 33,860