

FOX RIDGE HOMES ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2018 & 2017

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Jay R. Gelb & Company P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fox Ridge Homes Association, Inc.
Canandaigua, New York

We have audited the accompanying financial statements of the Fox Ridge Homes Association, Inc. which comprise the balance sheets as of May 31, 2018 and 2017 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 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 audits. We conducted our audits 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 statement is 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 statement, 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 Fox Ridge Homes Association, Inc. as of May 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jay R. Gelb & Company, P.C.

JAY R. GELB & COMPANY, P.C.

Pittsford, New York

August 20, 2018

FOX RIDGE HOMES ASSOCIATION, INC.

BALANCE SHEETS

MAY 31, 2018 & 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
<u>Current Assets:</u>		
Cash & Cash Equivalents	\$7,025	\$1,408
Assessments Receivable	18,420	12,260
Prepaid Expenses	<u>602</u>	<u>592</u>
Total Current Assets	<u>\$26,047</u>	<u>\$14,260</u>
LIABILITIES & FUND BALANCES		
<u>Current Liabilities:</u>		
Accounts Payable	\$1,054	\$866
Assessments Received in Advance	0	23
Income Taxes Payable	<u>19</u>	<u>26</u>
Total Current Liabilities	1,073	915
Fund Balances	<u>24,974</u>	<u>13,345</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$26,047</u>	<u>\$14,260</u>

"SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENT"

FOX RIDGE HOMES ASSOCIATION, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

FOR THE YEARS ENDED MAY 31, 2018 & 2017

	<u>2018</u>	<u>2017</u>
<u>Revenue:</u>		
Regular Assessments	\$31,575	\$21,050
Interest & Dividends	1	50
Miscellaneous Income	4,525	3,482
Website Income	<u>125</u>	<u>262</u>
Total Revenue	\$36,226	\$24,844
<u>Expenses:</u>		
Accounting	\$750	\$310
Administration	338	1,413
Insurance	2,009	1,523
Landscaping	6,848	17,006
Landscaping – Middle Cheshire Entrance Project	0	6,346
Legal	380	295
Management Fees	6,293	6,110
Repairs & Maintenance	5,160	367
Repairs & Maintenance – Middle Cheshire Entrance Project	0	9,650
Taxes	417	306
Utilities	2,239	2,405
Website Expense	<u>163</u>	<u>57</u>
Total Expenses	<u>\$24,597</u>	<u>\$45,788</u>
Revenues (Under) Expenses	\$11,629	\$(20,944)
Beginning Fund Balances	<u>13,345</u>	<u>34,289</u>
Ending Fund Balances	<u>\$24,974</u>	<u>\$13,345</u>

"SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENT"

FOX RIDGE HOMES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2018 & 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Excess of Revenues Over Expenses	\$11,629	\$(20,944)
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:		
(Increase)/Decrease In:		
Assessments Receivable	(6,160)	(5,738)
Prepaid Expenses	(10)	(592)
Increase/(Decrease) In:		
Accounts Payable	188	866
Assessments Received in Advance	(23)	21
Income Tax Payable	(7)	(28)
Net Cash Provided/(Used) by Operating Activities	5,617	(26,415)
Net (Decrease) in Cash and Cash Equivalents	5,617	(26,415)
Cash & Cash Equivalents - Beginning of Year	<u>1,408</u>	<u>27,823</u>
Cash & Cash Equivalents - End of Year	<u>\$7,025</u>	<u>\$1,408</u>
<u>Supplemental Disclosure:</u>		
Income Taxes Paid	\$26	\$54

"SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENT"

FOX RIDGE HOMES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018 & 2017

Note 1 - Description of the Association

The Fox Ridge Homes Association, Inc. was incorporated on January 19, 1989, in the State of New York. The Association is responsible for the operation and maintenance of the common property within the development at May 31, 2018. The development consists of 117 developed and 35 undeveloped residential units located in Canandaigua, New York.

Note 2 - Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 20, 2018, the date the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Member Assessments

Association members are subject to yearly assessments to provide funds for the Association's operating expenses. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments have not been paid by October 31st. Any excess assessments at year end are retained by the Association for use in the succeeding year. At May 31, 2018, the Association had delinquent assessments of \$18,420. Yearly assessments were \$150 for developed and \$100 for undeveloped units for year ended May 31, 2018. Yearly assessment for the year ended May 31, 2019 is \$235 for developed and \$160 for undeveloped units.

FOX RIDGE HOMES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018 & 2017

Note 3 - Summary of Significant Accounting Policies *(continued)*

Income Taxes

The Association is afforded an annual election under Internal Revenue Code Section 528 whereby it may exclude assessments received from members (net of related expenses) from its taxable income determination, effectively subjecting only its non-related interest income to federal and state income taxes. The alternate method is to determine its taxable income under IRC Section 277, in a manner similar to that of a regular corporation. The Association determines which election based on the more favorable tax result. The Association filed under IRC Section 528 for the year ended May 31, 2018.

The New York State tax liability was \$19 for the year ended May 31, 2018.

The Association's federal and state income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed, and the Association's federal and state income tax returns for 2014, 2015, and 2016 remain open to examination.

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 and disclosure of contingent 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 4 - Commitments

The Association has entered into an agreement with Crofton Associates, Inc. for management of its operations until May 31, 2019. The agreement provides for an annual fee of \$6,482 for May 31, 2019.