

FOXWOOD CONDOMINIUM II
FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 and 2016

FOXWOOD CONDOMINIUM II

SEPTEMBER 30, 2017 & 2016

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	3
Statements of Revenues, Expenses and Changes in Fund Balances	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Statements of Repairs & Maintenance	9



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, 2017 and 2016 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, 2017 and 2016 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
February 12, 2018

FOXWOOD CONDOMINIUM II
BALANCE SHEETS
FOR THE YEARS ENDED SEPTEMBER 30,

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash In Checking	\$ 252,340	\$ 162,111
Cash in Savings	104,895	104,763
Total Cash	357,235	266,874
OTHER ASSETS		
Due From Unit Owners	1,153	3,184
Total Current Assets	1,153	3,184
TOTAL ASSETS	\$ 358,388	\$ 270,058
LIABILITIES & FUND BALANCE		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 28,299	\$ 26,724
Prepaid Assessments	2,392	-
TOTAL LIABILITIES	30,691	26,724
FUND BALANCE		
Undesignated	327,697	243,334
TOTAL FUND BALANCE	327,697	243,334
TOTAL LIABILITIES & FUND BALANCE	\$ 358,388	\$ 270,058

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,

	2017	2016
REVENUES		
Maintenance Assessments	\$ 621,778	\$ 621,778
Interest Income	132	566
Other	11,871	12,508
TOTAL REVENUE	633,781	634,852
EXPENSES		
Foxwood Homeowners Association Fees	267,118	267,118
	267,118	267,118
Administrative Expenses:		
Income Taxes	358	597
Professional Fees	3,323	3,200
Office Related	73	149
Total Administrative Expenses	3,754	3,946
Maintenance and Repairs	24,279	32,688
Special Projects	59,773	51,109
Heating Related Repairs & Maintenance	14,217	13,536
Landscaping Maintenance	13,027	7,183
Total Building Operations	111,296	104,516
Utility Expenses:		
Fuel Oil	113,489	101,620
Electricity	13,841	13,228
Water	39,920	37,331
Total Utility Expenses	167,250	152,179
TOTAL EXPENSES	549,418	527,759
Excess of Revenues Over Expenses	84,363	107,093
Beginning Fund Balance	243,334	136,241
Ending Fund Balance	\$ 327,697	\$ 243,334

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,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of Revenues over Expenses	\$ 84,363	\$ 107,093
Adjustments To Reconcile Revenue over Expenses To Net Cash Provided By Operating Activities:		
(Increase)/Decrease in:		
Due From Unit Owners	2,031	947
	2,031	947
(Decrease)/Increase in:		
Accounts Payable and Accrued Expenses	1,575	(2,123)
Prepaid Assessments	2,392	(666)
	3,967	(2,789)
Net Cash Provided by Operating Activities	90,361	105,251
Cash At Beginning Of Year	266,874	161,623
Cash At End Of Year	\$ 357,235	\$ 266,874
<i>SUPPLEMENTAL DISCLOSURES:</i>		
Income Tax Paid	\$ 358	\$ 597
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, 2017 & 2016

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, 2017 and 2016 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 common area maintenance and insurance. Amounts due from unit holders represent maintenance assessments receivable at September 30, 2017 and 2016. Fox II's policy is to retain legal counsel on those unit owners whose common assessments receivable 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 2017 and 2016, 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 2017 and 2016.

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 2017, 2016 and 2015. 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 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 February 12, 2018 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, 2017 and 2016, Fox II deposits exceed federal depository insurance coverage (FDIC) by approximately \$3,200.

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, 2017 and 2016, 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, 2017.

In fiscal years 2017 and 2016 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 2017 and 2016 Fox II performed extraordinary repairs or replacements which are classified as special projects. The special projects were as follows at September 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Lobby Renovations	\$59,773	\$ 0
Painting	\$ 0-	\$51,109

NOTE 8– FUTURE MAJOR REPAIRS AND REPLACEMENTS

Fox II 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, however the board of managers developed a thirty year 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 CONDOMINIUM II
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2017	2016
Common Area Expenses Specific to Condominium II		
REPAIRS & MAINTENANCE		
Exterminating	\$ 3,646	\$ 9,812
Normal Repairs & Maintenance	4,455	9,212
Materials / Supplies / Equip.	1,064	1,505
Plumbing Repairs	1,509	97
Electrical Repairs	429	513
Dryer	5,669	-
Masonry	-	11,119
Sewer / Septic Maintenance	671	430
Cleaning & Trash Removal	4,636	-
Paving and Catch Basin Repairs	2,200	-
TOTAL REPAIRS & MAINTENANCE	\$ 24,279	\$ 32,688
Landscaping & Treework		
Landscaping	\$ 5,514	\$ 4,015
Tree Work	7,513	3,168
TOTAL LANDSCAPING & TREWORK	\$ 13,027	\$ 7,183
Heating Related Repairs & Maintenance		
Boiler / Hvac Repairs	\$ 14,217	\$ 13,536
TOTAL HEATING RELATED REPAIRS & MAINTENANCE	\$ 14,217	\$ 13,536

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