

**FOXWOOD CONDOMINIUM III**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**  
**(with comparative financial information**  
**as of and for the year ended**  
**September 30, 2014)**

**FOXWOOD CONDOMINIUM III**

**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 III  
Pleasantville, New York

We have audited the accompanying financial statements of Foxwood Condominium III (Entity) which comprise the balance sheets as of September 30, 2015 and the related statements of operations, 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 III 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 III as of September 30, 2015 and the results of its operations, changes in its fund balance and its cash flows for the year 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 7, 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 III  
BALANCE SHEETS**

**ASSETS**

	SEPTEMBER 30,	
	2015	2014
<b>CURRENT ASSETS</b>		
Cash in Checking	\$ 215,421	\$ 158,463
Cash in Savings	167,175	195,289
<b>TOTAL CASH</b>	<b>382,596</b>	<b>353,752</b>
<b>OTHER ASSETS</b>		
Prepaid Assets	-	4,773
Due From Unit Owners	1,414	2,108
<b>Total Current Assets</b>	<b>1,414</b>	<b>6,881</b>
<b>TOTAL ASSETS</b>	<b>\$ 384,010</b>	<b>\$ 360,633</b>
<b>LIABILITIES &amp; FUND BALANCE</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 33,158	\$ 42,897
Prepaid Common Charges	6,796	12,240
Income Taxes Payable	611	504
<b>TOTAL LIABILITIES</b>	<b>40,565</b>	<b>55,641</b>
<b>FUND BALANCE</b>		
Undesignated	343,445	304,992
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 384,010</b>	<b>\$ 360,633</b>

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

**FOXWOOD CONDOMINIUM III**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**

	FOR THE YEARS ENDED SEPTEMBER 30,	
	2015	2014
<b>REVENUES</b>		
Maintenance Charges	\$ 685,534	\$ 685,534
Interest Income	1,003	1,136
Other	14,918	12,170
<b>TOTAL REVENUE</b>	<b>701,455</b>	<b>698,840</b>
<b>EXPENSES</b>		
Foxwood Homeowners Association Fees	306,579	289,762
<b>Administrative Expenses:</b>		
Income Taxes	611	997
Professional Fees	4,247	3,350
Office Related	100	378
<b>Total Administrative Expenses</b>	<b>4,958</b>	<b>4,725</b>
<b>Common Area Expenses Specific to Condominium III:</b>		
Maintenance & Repairs	33,835	54,032
Landscaping & Treework	4,484	6,746
Heating Related Repairs & Maintenance	31,633	16,422
<b>Total Common Area Expenses Specific to Condominium III</b>	<b>69,952</b>	<b>77,200</b>
<b>Utility Expenses:</b>		
Fuel Oil	214,160	248,833
Electricity	19,253	19,315
Water	48,100	41,240
<b>Total Utility Expenses</b>	<b>281,513</b>	<b>309,388</b>
<b>TOTAL EXPENSES</b>	<b>663,002</b>	<b>681,075</b>
<b>Excess/(Deficit) of Revenues over Expenses</b>	<b>38,453</b>	<b>17,765</b>
<b>Beginning Fund Balance</b>	<b>304,992</b>	<b>287,227</b>
<b>Ending Fund Balance</b>	<b>\$ 343,445</b>	<b>\$ 304,992</b>

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**FOXWOOD CONDOMINIUM III  
STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED SEPTEMBER 30,	
CASH FLOW FROM OPERATING ACTIVITIES	2015	2014
Excess/(Deficit) of Revenues over Expenses	\$ 38,453	\$ 17,765
Adjustments To Reconcile Excess Of Revenues Over Expenses To Net Cash Provided By Operating Activities:		
(Increase)/Decrease in:		
Due From Unit Owners	694	1,777
Prepaid Assets	4,773	(4,773)
	<u>5,467</u>	<u>(2,996)</u>
(Decrease)/Increase in:		
Accounts Payable and Accrued Expenses	(9,739)	1,935
Due to Related Party	-	(4,085)
Income Taxes Payable	107	129
Prepaid Assessments	(5,444)	2,252
	<u>(15,076)</u>	<u>231</u>
<b>NET CASH PROVIDED BY OPERATIONS</b>	<b>28,844</b>	<b>15,000</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>353,752</b>	<b>338,752</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 382,596</b>	<b>\$ 353,752</b>
 <i>SUPPLEMENTAL DISCLOSURES:</i>		
INCOME TAX PAID		
Interest Paid	\$ 504	\$ 997
	\$ -	\$ -

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

**NOTE 1 – NATURE OF ORGANIZATION**

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

**NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fund Accounting

Fox III maintains its accounts using fund and accrual accounting. Financial resources are classified for accounting and reporting purposes as operating funds. Fox III 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 III considers securities purchased with maturities of three months or less to be cash equivalents.

Maintenance Assessments

Fox III unit owners are subject to monthly maintenance assessments to provide funds for Fox III'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 III'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 III 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 2015 and 2014, Fox II elected to be taxed as a homeowner association. Under that election, Fox III 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 III is liable for the minimum NYS franchise tax in fiscal years 2015 and 2014.

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

#### Subsequent Events

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

#### **NOTE 4 – MAINTENANCE & SPECIAL ASSESSMENTS**

Maintenance and Special 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, 2014 and 2013, Fox III 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 II and FHA.

In fiscal years 2015 and 2014 Fox III submitted 39.8% of the total budget of FHA or \$306,579 and \$289,762 for the common area maintenance and repairs.

**NOTE 6 – PREPAID ASSESSMENTS**

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

**NOTE 7 – FUTURE MAJOR REPAIRS AND REPLACEMENTS**

Fox III 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 III 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 III  
SCHEDULE OF MAINTENANCE & REPAIRS**

**FOR THE YEAR ENDED  
SEPTEMBER 30,**

**2015                      2014**

**Common Area Expenses Specific to Condominium III:**

**Maintenance & Repairs**

EXTERMINATING	4,822	10,561
NORMAL REPAIRS & MAINTENANCE	11,789	33,194
MATERIALS / SUPPLIES / EQUIP.	1,161	2,522
PLUMBING REPAIRS	3,105	2,436
ELECTRICAL REPAIRS	5,833	401
DRYER	6,277	-
MASONRY	123	-
SEWER / SEPTIC MAINTENANCE	725	4,918
	<hr/>	<hr/>
<b>TOTAL</b>	<b>33,835</b>	<b>54,032</b>
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**Landscaping & Treework**

LANDSCAPING	4,054	2,220
TREE WORK	430	4,526
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<b>TOTAL</b>	<b>4,484</b>	<b>6,746</b>
	<hr/> <hr/>	<hr/> <hr/>

**Heating Related Repairs & Maintenance**

DNU - BOILER / HVAC REPAIRS	27,213	14,547
ROOF	4,420	1,875
	<hr/>	<hr/>
<b>TOTAL</b>	<b>31,633</b>	<b>16,422</b>
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