

WESTHAMPTON LANDINGS CONDOMINIUM

Financial Statements

for the years ended
June 30, 2018 and 2017

WESTHAMPTON LANDINGS CONDOMINIUM

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Managers
Westhampton Landings Condominium
Westhampton Beach, New York

We have reviewed the accompanying financial statements of Westhampton Landings Condominium, which comprise of the balance sheets as of June 30, 2018, and 2017, and the related statements of revenues and expenses, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Condominium's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

The Condominium has not presented supplementary information about the estimates of future major repairs and replacements of common property 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 a 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. The results of our review of the basic financial statements are not affected by that missing information.

Sabel & Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

August 6, 2018

WESTHAMPTON LANDINGS CONDOMINIUM

Balance Sheets

	June 30	
	2018	2017
Assets		
Current Assets		
Cash - checking account	\$ 9,068	\$ 22,399
Cash - reserve accounts	191,163	185,942
Cash - money market account	57,231	55,665
Common charges receivable	1,755	1,640
Prepaid insurance	32,795	31,204
Prepaid expenses	75,806	1,757
Total Current Assets	367,818	298,607
Property and Equipment		
Property improvements	198,810	198,810
Bulkhead improvements	265,223	265,223
Retaining walls	63,116	63,116
Roof	64,035	64,035
Fire alarms	15,470	15,470
Overhangs	25,175	25,175
Electrical upgrade	21,390	21,390
Equipment	28,260	28,260
Pool and accessories	290,640	290,640
Doors	82,850	82,850
Deck and painting	302,321	302,321
Paving	30,361	30,361
Less: accumulated depreciation	(1,190,895)	(1,163,421)
Total Property and Equipment	196,756	224,230
Other Asset		
Utility deposit	350	350
Total Assets	\$ 564,924	\$ 523,187

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WESTHAMPTON LANDINGS CONDOMINIUM

Balance Sheets

	June 30	
	<u>2018</u>	<u>2017</u>
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	\$ 41,169	\$ 7,595
Prepaid common charges	23,340	16,530
Security deposits payable	<u>8,250</u>	<u>6,750</u>
Total Current Liabilities	<u>72,759</u>	<u>30,875</u>
Members' Equity		
Undesignated	<u>492,165</u>	<u>492,312</u>
Total Liabilities and Members' Equity	<u>\$ 564,924</u>	<u>\$ 523,187</u>

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WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Revenues and Expenses

for the years ended

	June 30	
	2018	2017
Revenues		
Common charges	\$ 279,000	\$ 279,000
Reserve assessments	45,000	45,000
Rental fees	1,050	1,050
Unit purchase fees	-	9,000
Interest income	261	330
Other income	1,075	50
Less: reserve transfers (Note 5)	<u>(46,245)</u>	<u>(55,313)</u>
Total Revenues	<u>280,141</u>	<u>279,117</u>
Expenses		
Pool maintenance and supplies	26,043	25,332
Common area - landscape maintenance	70,344	85,422
Snow removal	6,601	4,890
Sprinkler system maintenance	3,267	4,551
Cesspool maintenance and pumping	5,856	-
Common area repairs and maintenance	7,379	6,730
Refuse removal	11,072	9,499
Insurance	86,064	85,722
Electricity	5,623	5,993
Water	4,822	5,690
Legal	2,526	2,500
Telephone	560	549
Office supplies and postage	1,851	2,139
Professional fees	4,600	4,600
Miscellaneous expenses	787	1,437
Management fees	10,800	10,800
Meetings and community parties	2,229	3,508
Alarm monitoring service	5,005	5,005
Website	327	324
New York State franchise tax	319	1,386
Total Expenses	<u>256,075</u>	<u>266,077</u>

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WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Revenues and Expenses

for the years ended

	June 30	
	2018	2017
Excess of Revenues over Expenses before Other (Expenses)	<u>24,066</u>	<u>13,040</u>
 Other (Expenses)		
Alarm repairs and inspection	(8,435)	(5,983)
Cesspool replacements (net of insurance)	(4,500)	-
Gazebo replacement	(15,100)	-
Front steps and deck improvements	-	(176,800)
Kayak racks	(4,357)	-
Legal fees - By-laws Amendment	-	(5,205)
Pool furniture replacements	(6,518)	-
Pool heater replacement	-	(3,800)
Repairs due to water damage	(4,075)	-
Power washing	-	(31,475)
Depreciation	<u>(27,473)</u>	<u>(32,109)</u>
Total Other (Expenses)	<u>(70,458)</u>	<u>(255,372)</u>
 (Deficiency) of Revenues over Expenses	 \$ <u>(46,392)</u>	 \$ <u>(242,332)</u>

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WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Changes in Members' Equity.

for the years ended June 30, 2018 and 2017

	Operating Capital	Special and Reserve Capital	Total Undesignated Equity
Balances,			
June 30, 2016	\$ (902,608)	\$ 1,581,939	\$ 679,331
Add: Special assessments	-	45,000	45,000
Fees and interest income	-	10,313	10,313
Less: (Deficiency) of revenues over expenses	<u>(242,332)</u>		<u>(242,332)</u>
Balances,			
June 30, 2017	\$ (1,144,940)	\$ 1,637,252	\$ 492,312
Add: Special assessments	-	45,000	45,000
Fees and interest income	-	1,245	1,245
Less: (Deficiency) of revenues over expenses	<u>(46,392)</u>		<u>(46,392)</u>
Balances,			
June 30, 2018	<u>\$ (1,191,332)</u>	<u>\$ 1,683,497</u>	<u>\$ 492,165</u>

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WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Cash Flows

for the years ended

	June 30	
	2018	2017
<u>Cash Flow from Operating Activities:</u>		
(Deficiency) of Revenues over Expenses	\$ (46,392)	\$ (242,332)
Adjustments to reconcile (deficiency) of revenues over expenses to net cash (used) by operating activities:		
Depreciation	27,473	32,109
(Increase) decrease in:		
Common charges receivable	(115)	(1,560)
Prepaid insurance	(1,591)	(1,727)
Prepaid expenses	(74,048)	615
Increase (decrease) in:		
Accounts payable	33,574	2,356
Prepaid common charges	6,810	(3,495)
Security deposits payable	1,500	(1,500)
Net Cash (Used) by Operating Activities	<u>(52,789)</u>	<u>(215,534)</u>
<u>Cash Flows from Financing Activities:</u>		
Capital assessments and transfers to reserve	<u>46,245</u>	<u>55,313</u>
Net Cash Provided by Financing Activities	<u>46,245</u>	<u>55,313</u>
Net (Decrease) in Cash	(6,544)	(160,221)
Cash, beginning of year	<u>264,006</u>	<u>424,227</u>
Cash, end of year	<u>\$ 257,462</u>	<u>\$ 264,006</u>
Supplemental Disclosure:		
Income taxes paid	\$ 319	\$ 1,386

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WESTHAMPTON LANDINGS CONDOMINIUM

Notes to Financial Statements

June 30, 2018

Note 1 - Nature of Organization

Westhampton Landings Condominium was organized under Article 9-B of the Real Property Law of the State of New York for the operation and maintenance of the common areas of the community. The community consists of fifty condominium units located in Westhampton, New York.

Note 2- Date of Management's Review

In preparing the financial statements, the Condominium has evaluated events and transactions for potential recognition or disclosure through August 6, 2018, the date that the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in understanding the Condominium's financial statements. The financial statements and notes are representations of the Condominium's management who are responsible for their integrity and objectivity.

Basis of Presentation

The Condominium's governing documents provide certain guidelines for monitoring its financial activities. To insure observance of limitations and restrictions on the use of financial resources, the following equity accounts were established for accounting and reporting purposes according to their nature and purpose:

Operating Capital - The Operating Capital is used for the general operations of the condominium.

Special and Reserve Capital - This represents funds designated for future major repairs and improvements as approved by the Board of Managers.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Member Assessments

The Condominium owners are subject to monthly assessments to provide funds for operating expenses, future capital acquisitions and major repairs and replacements. The annual budget, monthly common charges, and assessments are determined by the Board of Managers.

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WESTHAMPTON LANDINGS CONDOMINIUM

Notes to Financial Statements

June 30, 2018

Note 3 - Continued

The Condominium retains excess operating funds, if any, at the end of the operating year for use in future operating periods. The Board maintains a schedule of arrearages and requests legal counsel to file liens, as necessary, on units in arrears.

The Board has established a separate monthly assessment of \$50 per unit for the reserve account (see analysis Note 5). This was increased to \$75 per unit effective August 1, 2015 and remains at the \$75 per unit per month (\$45,000 annually).

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Condominium has elected to file its income tax returns in accordance with Section 528 of the Internal Revenue Code. Under that Section, the Condominium is not taxed on uniform assessments to members and other income received from members solely as a function of their membership in the Condominium. The Condominium is taxed at the rate of 30% on its net nonexempt function income, which includes interest income and revenue received from nonmembers. For New York State purposes, the Franchise tax is calculated on the value of the Condominium's net assets.

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

Property and Equipment

The real property and common areas acquired from the developer 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.

The Condominium capitalizes at cost all property and equipment to which it has title or other evidence of ownership. Significant additions or improvements which extend asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. The Condominium is responsible for preserving and maintaining as well as restricting the use and disposition of its common property.

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WESTHAMPTON LANDINGS CONDOMINIUM

Notes to Financial Statements

June 30, 2018

Note 3 - Continued

Depreciation

The Condominium's property and equipment is stated at cost and is being depreciated on the straight-line method over the estimated useful lives of the assets.

Concentration of Credit Risk

The Condominium places its cash with what it believes to be quality financial institutions, and at times during the year the balances have exceeded the federally insured limits. The Condominium believes no significant concentration of credit risk exists with respect to its cash accounts.

Note 4 - Future Major Repairs and Replacements

The Condominium has not conducted a formal study to determine the remaining useful lives and estimated current replacement costs of the common property. The Board, however, has done and continues to do short range evaluations and current estimates to repair the property. To fund these projects the Board has approved special assessments and the use of the designated cash-reserve accounts as needed. The effect on future assessments has not been determined, except as described in Note 3.

Note 5 - Reserve Account - The account activity for the year is as follows:

	Reserve Account Funds	Insurance Proceeds Funds	Total
Balance at June 30, 2017	\$ 137,847	\$ 48,095	\$ 185,942
Add: Reserve assessment	45,000	-	45,000
Interest fund	195	-	195
Rental fees	1,050	-	1,050
Less: Expenditures for non-recurring and capital	(5,674)	(35,350)	(41,024)
Balance at June 30, 2018	<u>\$ 178,418</u>	<u>\$ 12,745</u>	<u>\$ 191,163</u>

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