

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED OCTOBER 31, 2017 AND 2016

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Stone Ridge at Rye Condominium Association, Inc.

Management is responsible for the accompanying financial statement of Stone Ridge at Rye Condominium Association, Inc (a corporation), which comprise the balance sheets as of October 31, 2017 and 2016, and the related statements of revenue and expenses, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements in accordance with the accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Stone Ridge at Rye Condominium Association, Inc. has not estimated the lives and replacement costs of the common property and, therefore, has not presented the schedule of future major repairs and replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be part of, the basic financial statements.

 CPA
Ossining, New York
November 27, 2017

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEETS

OCTOBER 31, 2017 AND 2016
(See Accountants' Compilation Report)

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 25,765	\$ 36,406
Accounts receivable	<u>-0-</u>	<u>-0-</u>
TOTALS	<u>\$ 25,765</u>	<u>\$ 36,406</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:		
Accrued expenses	<u>\$ 3,063</u>	<u>\$ 3,894</u>
Total Liabilities	<u>3,063</u>	<u>3,894</u>
Members' equity:		
Members' capital	5,179	5,179
Undesignated equity	<u>17,523</u>	<u>27,333</u>
Total Members' equity	<u>22,702</u>	<u>32,512</u>
TOTALS	<u>\$ 25,765</u>	<u>\$ 36,406</u>

See Notes to Financial Statements

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF REVENUE AND EXPENSES

YEARS ENDED OCTOBER 31, 2017 AND 2016

(See Accountants' Compilation Report)

	<u>2017</u>	<u>2016</u>
Revenue:		
Members' assessments	\$ 75,077	\$ 75,077
Special assessments	31,282	31,282
Capital assessments	55,000	-0-
Late charges and sundry	-0-	125
Interest income	<u>363</u>	<u>152</u>
TOTALS	<u>161,722</u>	<u>106,636</u>
Expenses:		
Management fees	13,200	13,200
Administrative	2,179	2,510
Accounting and legal	2,560	2,345
Insurance	16,307	12,667
Utilities	2,824	2,756
Water	2,002	3,155
Rubbish removal	5,030	5,453
Electrical	1,835	4,613
Exterminator	1,546	1,380
Grounds, snow, and trees	30,462	35,095
Miscellaneous maintenance	2,884	1,334
Sprinkler	1,404	601
Deck replacement	-0-	895
Roof	1,030	4,118
Paving	80,800	-0-
Paint and plaster	3,704	-0-
Masonry	475	9,391
Supplies	3,196	2,708
Taxes	<u>94</u>	<u>88</u>
TOTALS	<u>171,532</u>	<u>102,309</u>
(Deficiency) Excess of revenue over expenses	<u>\$ (9,810)</u>	<u>\$ 4,327</u>

See Notes to Financial Statements

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

YEARS ENDED OCTOBER 31, 2017 AND 2016

(See Accountants' Compilation Report)

	<u>Total</u>	<u>Members'</u> <u>Capital</u>	<u>Undesignated</u> <u>Equity</u>
Balance, October 31, 2015	<u>\$ 28,185</u>	<u>\$ 5,179</u>	<u>\$ 23,006</u>
Excess of revenue over expenses	<u>4,327</u>	<u> </u>	<u>4,327</u>
Balance, October 31, 2016	<u>\$ 32,512</u>	<u>\$ 5,179</u>	<u>\$ 27,333</u>
(Deficiency) of revenue over expenses	<u>(9,810)</u>	<u> </u>	<u>(9,810)</u>
Balance, October 31, 2017	<u>\$ 22,702</u>	<u>\$ 5,179</u>	<u>\$ 17,523</u>

See Notes to Financial Statements

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED OCTOBER 31, 2017 AND 2016

(See Accountants' Compilation Report)

	<u>2017</u>	<u>2016</u>
Operating activities:		
(Deficiency) Excess of revenue over expenses	\$ (9,810)	\$ 4,327
Adjustments to reconcile (deficiency) excess of revenue over expenses to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accrued expenses	<u>(831)</u>	<u>(5,810)</u>
Net cash used in operating activities and net change in cash and cash equivalents	<u>(10,641)</u>	<u>(1,483)</u>
Cash and cash equivalents, beginning of year	<u>36,406</u>	<u>37,889</u>
Cash and cash equivalents, end of year	<u>\$ 25,765</u>	<u>\$ 36,406</u>
Supplemental disclosure of cash flow data:		
Income taxes paid	<u>\$ 94</u>	<u>\$ 88</u>
Cash - operating	\$ 5,350	\$ 6,055
Cash - reserves	<u>20,415</u>	<u>30,351</u>
TOTAL	<u>\$ 25,765</u>	<u>\$ 36,406</u>

See Notes to Financial Statements

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

(See Accountants' Compilation Report)

NOTE 1 - ORGANIZATION

Stone Ridge at Rye Condominium Association, Inc. (the "Association") was incorporated in the State of New York and is responsible for the operation and maintenance of the common property within the development located in Rye, New York, which is comprised of 18 residential condominium units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts receivable - members

Association members are subject to monthly assessments to provide funds for the Association's operating expenses. Accounts receivable at the balance sheet date represents fees due from unit owners. Any excess assessments at year end are retained by the Association, at the discretion of the Board of Directors, for use in the succeeding year or distributed to the condominium owners on a pro rata basis.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired.

Income taxes

For the years ended October 31, 2017 and 2016 the Association elected to be taxed as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at the 30% on its nonexempt function income, which includes interest income and revenue received from nonmembers. The election to be taxed as a homeowners' association is available annually and each year's election is independent with respect to prior and future years.

STONE RIDGE AT RYE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

(See Accountants' Compilation Report)

NOTE 3 - MEMBERS' EQUITY

Undesignated amounts of members' equity consist of the cumulative excess of revenue over expenses which is currently being funded by the members' monthly assessments.

In accordance with the offering plan, at each closing the purchaser of a unit is required to pay one months' common charges based on the actual common charges at the time of closing.

These funds will be accumulated to provide the Association with working capital for capital items and/or repairs, emergencies and other appropriate purposes as determined by the Board of Directors.

NOTE 4 - SPECIAL ASSESSMENTS

Special assessments to members in 2017 and 2016 were utilized to subsidize the shortfall of regular members' assessments, to provide for a reserve and for various repairs. A capital assessment was declared to subsidize the repaving project.

NOTE 5 - COMMITMENT

The Association is obligated under an annual agreement for management of the property which amounted to \$13,200 in both 2017 and 2016, respectively.

NOTE 6 - SUBSEQUENT EVENTS

Management of the association has evaluated events or transactions that may have occurred since October 31, 2017, and determined that there are no other material events that would require disclosures in the association's financial statements.