

WESTHAMPTON LANDINGS CONDOMINIUM

Financial Statements

for the years ended  
June 30, 2016 and 2015

# WESTHAMPTON LANDINGS CONDOMINIUM

## Table of Contents

	Page
Independent Accountants' Review Report	2 - 3
<b>Financial Statements</b>	
Balance Sheets	4 - 5
Statements of Revenues and Expenses	6 - 7
Statements of Changes in Members' Equity	8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 12

# ***Sabel & Oplinger, CPA, PC***

**ACCOUNTANTS AND CONSULTANTS**

106 PROSPECT STREET, P.O. BOX 1307

SOUTHAMPTON, NY 11969

TELEPHONE (631) 283-2370  
FAX (631) 287-4347

e mail: [socpapc@socpapc.com](mailto:socpapc@socpapc.com)  
web page: [www.socpapc.com](http://www.socpapc.com)

## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

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

We have reviewed the accompanying balance sheets of Westhampton Landings Condominium, which comprise of the balance sheets as of June 30, 2016 and 2015, 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*

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Sabel & Oplinger, CPA, PC  
Southampton, New York

August 3, 2016

WESTHAMPTON LANDINGS CONDOMINIUM

Balance Sheets

	June 30	
	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash - checking account	\$ 58,500	\$ 68,423
Cash - reserve accounts	310,129	256,854
Cash - money market account	55,598	52,502
Common charges receivable	80	580
Prepaid insurance	29,475	27,491
Prepaid landscape contract	2,372	-
Prepaid alarm service	-	4,588
<b>Total Current Assets</b>	<b>456,154</b>	<b>410,438</b>
<b>Property and Equipment</b>		
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	<u>(1,131,313)</u>	<u>(1,096,773)</u>
<b>Total Property and Equipment</b>	<b><u>256,338</u></b>	<b><u>290,878</u></b>
<b>Other Asset</b>		
Utility deposit	<u>350</u>	<u>350</u>
<b>Total Assets</b>	<b><u>\$ 712,842</u></b>	<b><u>\$ 701,666</u></b>

Continued

See Independent Accountants' Review Report  
and Notes to Financial Statements

WESTHAMPTON LANDINGS CONDOMINIUM

Balance Sheets

	June 30	
	2016	2015
<b>Liabilities and Members' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 5,236	\$ 4,050
Security deposits payable	8,250	5,250
Prepaid common charges	<u>20,025</u>	<u>18,360</u>
Total Current Liabilities	<u>33,511</u>	<u>27,660</u>
<b>Members' Equity</b>		
Undesignated	<u>679,331</u>	<u>674,006</u>
<b>Total Liabilities and Members' Equity</b>	<u>\$ 712,842</u>	<u>\$ 701,666</u>

See Independent Accountants' Review Report  
and Notes to Financial Statements

WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Revenues and Expenses

for the years ended

	June 30	
	2016	2015
<b>Revenues</b>		
Common charges	\$ 277,250	\$ 258,000
Reserve assessments	43,750	30,000
Insurance and storm assessment	5,000	60,000
Rental fees	1,750	1,050
Unit purchase fees	7,500	4,500
Interest income	371	392
Other income	165	1,924
Less: reserve transfers (Note 5)	<u>(53,275)</u>	<u>(35,787)</u>
<b>Total Revenues</b>	<u>282,511</u>	<u>320,079</u>
<b>Expenses</b>		
Pool maintenance and supplies	19,932	22,225
Common area - landscape maintenance	85,302	66,518
Snow removal	5,491	10,329
Sprinkler system maintenance	5,024	3,778
Cesspool maintenance and pumping	4,079	7,262
Common area repairs and maintenance	14,002	6,401
Refuse removal	9,499	9,844
Insurance	84,035	133,352
Electricity	5,567	5,142
Water	5,160	4,452
Legal	2,527	1,600
Telephone	509	553
Office supplies and postage	2,142	2,117
Professional fees	4,500	4,500
Miscellaneous expenses	80	75
Management fees	10,800	10,800
Meetings and community parties	4,652	-
Alarm monitoring service	5,327	4,588
Website	324	763
New York State franchise tax	<u>1,252</u>	<u>1,689</u>
<b>Total Expenses</b>	<u>270,204</u>	<u>295,988</u>

Continued

See Independent Accountants' Review Report and  
Notes to Financial Statements

WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Revenues and Expenses

for the years ended

	June 30	
	<u>2016</u>	<u>2015</u>
Excess of Revenues over Expenses before Other (Expenses)	<u>12,307</u>	<u>24,091</u>
 Other (Expenses)		
Non-recurring repairs and maintenance expenses	-	(5,175)
In-ground trash can replacements	-	(5,005)
Electrical improvements	-	(29,200)
Alarm repairs and inspection		(1,465)
Alarm upgrades	(8,983)	-
Fire box installations	(1,600)	-
Front steps and deck improvements	(6,750)	-
Irrigation improvements	(847)	-
Lighting upgrades	(6,000)	-
Pool house improvements	(400)	-
Steven's Ave lot improvements	(1,137)	(19,634)
Sewer improvements	-	(1,733)
Storm damage repairs – Sandy	-	(504)
Depreciation	<u>(34,540)</u>	<u>(38,573)</u>
Total Other (Expenses)	<u>(60,257)</u>	<u>(101,289)</u>
 (Deficiency) of Revenues over Expenses	 <u>\$ (47,950)</u>	 <u>\$ (77,198)</u>

See Independent Accountants' Review Report  
and Notes to Financial Statements

WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Changes in Members' Equity

for the years ended June 30, 2016 and 2015

	Operating Capital	Special and Reserve Capital	Total Undesignated Equity
Balances, June 30, 2014	\$ (777,460)	\$ 1,492,877	\$ 715,417
Add: Special assessments	-	30,000	30,000
Fees and interest income	-	5,787	5,787
Less: (Deficiency) of revenues over expenses	<u>(77,198)</u>	-	<u>(77,198)</u>
Balances, June 30, 2015	\$ (854,658)	\$ 1,528,664	\$ 674,006
Add: Special assessments	-	43,750	43,750
Fees and interest income	-	9,525	9,525
Less: (Deficiency) of revenues over expenses	<u>(47,950)</u>	-	<u>(47,950)</u>
Balances, June 30, 2016	<u>\$ (902,608)</u>	<u>\$ 1,581,939</u>	<u>\$ 679,331</u>

See Independent Accountants' Review Report  
and Notes to Financial Statements

WESTHAMPTON LANDINGS CONDOMINIUM

Statements of Cash Flows

for the years ended

	June 30	
	2016	2015
<b><u>Cash Flow from Operating Activities:</u></b>		
(Deficiency) of Revenues over Expenses	\$ (47,950)	\$ (77,198)
Adjustments to reconcile (deficiency) of revenues over expenses to net cash (used) by operating activities:		
Depreciation	34,540	38,573
(Increase) decrease in:		
Common charges receivable	500	1,825
Prepaid insurance	(1,984)	9,079
Prepaid expenses	2,216	(4,588)
Increase (decrease) in:		
Accounts payable	1,186	(4,672)
Prepaid common charges	1,665	7,780
Security deposits payable	<u>3,000</u>	<u>(3,750)</u>
Net Cash (Used) by Operating Activities	<u>(6,827)</u>	<u>(32,951)</u>
<b><u>Cash Flows from Financing Activities:</u></b>		
Capital assessments and transfers to reserve	<u>53,275</u>	<u>35,787</u>
Net Cash Provided by Financing Activities	<u>53,275</u>	<u>35,787</u>
Net Increase in Cash	46,448	2,836
Cash, beginning of year	<u>377,779</u>	<u>374,943</u>
Cash, end of year	<u>\$ 424,227</u>	<u>\$ 377,779</u>
<b>Supplemental Disclosure:</b>		
Income taxes paid	\$ 1,252	\$ 1,689

See Independent Accountants' Review Report  
and Notes to Financial Statements

# WESTHAMPTON LANDINGS CONDOMINIUM

## Notes to Financial Statements

June 30, 2016

### 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 3, 2016, 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. The Condominium retains excess operating funds, if any, at the end of the operating year for use in future operating periods.

See Independent Accountants' Review Report

(10)

# WESTHAMPTON LANDINGS CONDOMINIUM

## Notes to Financial Statements

June 30, 2016

Note 3 - Continued

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. Beginning April 1, 2013, the Board implemented an additional assessment in the amount of \$100 per unit per month to help cover the increase in the insurance due to Super Storm Sandy. This assessment was terminated effected August 1, 2015 due to the decrease in the insurance which was attributable to the wiring upgrade.

### 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 2012, 2013, and 2014 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.

See Independent Accountants' Review Report

(11)

# WESTHAMPTON LANDINGS CONDOMINIUM

## Notes to Financial Statements

June 30, 2016

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 Proceed Funds	Total
Balance at June 30, 2015	\$ 208,759	\$ 48,095	\$ 256,854
Add: Reserve assessment	43,750	-	43,750
Interest fund	275	-	275
Rental fees	1,750	-	1,750
Unit purchase fee	7,500	-	7,500
Balance at June 30, 2016	<u>\$ 262,034</u>	<u>\$ 48,095</u>	<u>\$ 310,129</u>

See Independent Accountants' Review Report

(12)