

*Financial Statements*

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**PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2014  
AND  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

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PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2014

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To the Board of Directors  
Property Owners at Suissevale, Inc.  
Moultonborough, New Hampshire

*Leone,  
McDonnell  
& Roberts*  
PROFESSIONAL ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS  
WOLFEBORO • NORTH CONWAY  
DOVER • CONCORD  
STRATHAM

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

We have reviewed the accompanying statement of assets and members' equity – cash basis of Property Owners at Suissevale, Inc. (a corporation) as of December 31, 2014, and the related statement of revenues, expenses and members' equity – cash basis for the year 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 Association 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 presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our report.

### **Accountants' 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 conformity with the cash basis of accounting.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

### **Supplementary Information**

The supplementary information contained in the attached schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the cash basis of accounting. We have not audited the information, and accordingly, do not express any opinion on such information.

July 14, 2015  
Wolfboro, New Hampshire

*Leone, McDonnell & Roberts  
Professional Association*

**PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.**

**STATEMENT OF ASSETS AND MEMBERS' EQUITY - CASH BASIS  
DECEMBER 31, 2014**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents - undesignated \$ 57,941

Total current assets 57,941

**OTHER ASSETS**

Cash - designated for future repairs and replacements 131,977

Cash - designated for scholarships 15,858

Investments - designated for future repairs and replacements 213,878

Total other assets 361,713

Total \$ 419,654

**MEMBERS' EQUITY**

**MEMBERS' EQUITY** \$ 419,654

Total \$ 419,654

**See Independent Accountants' Review Report  
and  
Notes to Financial Statements**

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

**STATEMENT OF REVENUES, EXPENSES AND MEMBERS' EQUITY - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**REVENUES**

Member assessments	\$ 421,095
Marina income	50,732
Water income	9,292
Road income	21,000
Investment income, net of fees of \$3,829	4,775
Interest income	199
Other income	<u>2,187</u>
Total revenues	<u>509,280</u>

**EXPENSES**

Water	156,558
Administration	110,974
Roads	64,161
Reserve	53,121
Common property	35,860
Beach	17,825
Clubhouse	8,991
Social	8,812
Other	6,364
Marina	<u>4,023</u>
Total expenses	<u>466,689</u>

**EXCESS OF REVENUES OVER EXPENSES** 42,591

**BEGINNING MEMBERS' EQUITY** 377,063

**ENDING MEMBERS' EQUITY** \$ 419,654

See Independent Accountants' Review Report  
and  
Notes to Financial Statements

**PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.**

**NOTES TO FINANCIAL STATEMENTS – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Property Owners Association at Suissevale, Inc. (the Association), a New Hampshire corporation, was incorporated on June 1, 1969. The Association's authority and responsibilities are defined by the statutes of the State of New Hampshire, the Association's declarations and Association's by-laws. The main purpose of the Association is to maintain, preserve and manage the common property of their 577 property owners in Moultonborough, New Hampshire.

**Accounting Method**

The financial statements of Property Owners Association at Suissevale, Inc. have been prepared on the cash basis of accounting.

Under the cash basis of accounting, property and equipment are not capitalized. This differs from generally accepted accounting principles which require that property and equipment be capitalized at cost and except for land, be depreciated by periodic charges to operations over the related assets economic or estimated useful lives. In addition, under the cash basis of accounting, certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

**Reserve for Repair and Replacement**

While the Association's governing documents do not require the Association to reserve any specific amounts for any specific purpose, the Board of Directors has budgeted for and maintained such funds. Financial resources are classified for accounting and reporting purposes in the following accounts established according to their nature and purpose:

Cash and equivalents - undesignated - This account is used for financial resources available for the general operations of the Association.

Cash - designated for future repairs and replacements - This account is used to accumulate financial resources designated for future major repairs and replacements.

Cash - designated for scholarships - This account is used to accumulate financial resources designated for deserving students' college expenses.

Investments - designated for future repairs and replacements - This account is used to accumulate financial resources designated for future major repairs and replacements.

**Cash and Cash Equivalents**

The Association classifies all cash and highly liquid instruments with original maturities of 180 days or less from the date of purchase as cash and cash equivalents.

**Investments**

Investments are stated at cost.

**Income Taxes**

The Association files its income tax return as a condominium association in accordance with Internal Revenue Code Section 528. The Association is classified as a nonexempt membership organization for both federal and state income tax purposes. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, non-membership transactions, and capital transactions. Under Section 528, the Association is not taxed on uniform assessments to members and other revenue received from association members solely as a function of their membership in the Association. The Association files a Form 1120-H subjecting it to tax on its nonmembership taxable income including any investment income. For the year ended December 31, 2014 the Association reported \$583 of taxable income as the only nonmembership activity income is offset by certain deductions.

The Association files income tax returns in the U.S. federal jurisdiction and the State of New Hampshire. The Association is no longer subject to federal or state examinations by tax authorities for years before 2011.

**Subsequent Events**

Subsequent events have been evaluated through July 14, 2015 the date when the financial statements were available to be issued.

**NOTE 2 MEMBER ASSESSMENTS**

Association members are subject to an annual assessment to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements.

**NOTE 3 FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's declarations state the responsibility of the Association for maintaining the common areas, and define the extent of such common areas. Funds for future major repairs and replacements are held in separate accounts. The declarations also allow the Board of Directors to levy special assessments when existing funds are inadequate for any reason. The capital improvement plan was updated in 2014 to estimate the remaining useful lives and the costs of future major repairs and replacements. The results can be found in the supplementary information attached.

At December 31, 2014, the Association had \$345,855 on deposit in a separate interest bearing account as well as invested in a brokerage account designated for future major repairs and replacements.

**NOTE 4 CONCENTRATIONS**

The Association maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at December 31, 2014. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts. At December 31, 2014, there were no uninsured amounts.

The Association acquires 100% of its water from one source owned and operated by one vendor.

**NOTE 5 INVESTMENTS**

The Association's investments are presented in the financial statements in the aggregate at cost and consisted of the following at December 31, 2014:

Money market fund	\$ 2,881
Domestic equity funds:	
DFA TA US CORE EQUITY 2 PORTFOLIO	18,174
DFA US VECTOR EQUITY PORTFOLIO FUND	14,375
DFA EMERGING MARKETS CORE EQUITY FUND	5,494
DFA SHORT TERM MUNICIPAL BOND FUND	65,010
DFA TAX MANAGED INTERNATIONAL VALUE FUND	4,548
DFA TAX MANAGED MARKETWIDE VALUE FUND	9,108
DFA EMERGING MARKETS VALUE FUND	3,783
DFA INTERNATIONAL SMALL COMPANY FUND	1,324
DFA 2 YEAR GLOBAL FIXED INCOME PORTFOLIO FUND	28,340
DFA INSTITUTIONAL SMALL CAP VALUE FUND	6,415
DFA REAL ESTATE SECURITIES FUND	4,709
DFA 5 YEAR GLOBAL FIXED INCOME FUND	41,869
DFA TA WORLD EX US CORE EQUITY PORTFOLIO	<u>7,848</u>
Total	<u>\$ 213,878</u>

**NOTE 6 COMMITMENTS**

The Association has a contract with one vendor that commits the Association to purchase water from that vendor until September of 2035. The Association has retained legal counsel to interpret the contract to mean "any amount of water" as opposed to a certain sum of water. As of December 31, 2014 and as of the date of this report, the Association was paying minimum monthly payments of \$9,626 to the vendor for water usage. The Association is exploring other options for another water source to serve its members but as of the date of this report, no commitments have been made.



PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF  
FUTURE MAJOR REPAIRS AND REPLACEMENTS  
DECEMBER 31, 2014

The Association's Capital Committee produced a capital improvement plan in 2014 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the improvement plan. Actual expenditures may vary from these estimates and the variations may be material.

The following information is based on the capital improvement plan and presents significant information about the components of common property.

	<u>Replacement Cost</u>
<b><u>To be replaced in 2015</u></b>	
ROADS	
Road grading and drainage swale	
Clean out	\$ 30,000
Estimated 2015 replacement costs	\$ 30,000
<b><u>To be replaced in 2016</u></b>	
CLUBHOUSE	
Front entrance remodel	\$ 25,000
Pool roof replacement	30,000
Estimated 2016 replacement costs	\$ 55,000
<b><u>To be replaced in 2017</u></b>	
BEACH/MARINA	
Beach and marina improvements	\$ 120,000
Beach sand renewal	5,000
Estimated 2017 replacement costs	\$ 125,000
<b><u>To be replaced in 2018</u></b>	
Carpet - community room, lower level lobby, rooms	\$ 15,000
Estimated 2018 replacement costs	\$ 15,000
<b><u>To be replaced in 2019</u></b>	
CLUBHOUSE (Other)	
Air conditioning system	\$ 20,000
Tennis court restoration	7,500
Heating system	37,500
Lower level common areas	20,000
Estimated 2019 replacement costs	\$ 85,000
Total estimated future replacements costs	\$ 310,000

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

<b>PERSONNEL COSTS</b>	
Salaries, wages and related taxes	\$ 34,813
<b>PROFESSIONAL FEES AND CONSULTATIONS</b>	
Administration services	43,027
Legal	13,896
Accounting/auditing	1,276
Other professional fees	3,940
<b>OCCUPANCY COSTS</b>	
Utilities	152,703
Repairs and maintenance	65,277
Road maintenance	63,198
Web and internet services	3,950
Other occupancy costs	34,795
<b>INSURANCE</b>	8,933
<b>EQUIPMENT RENTAL</b>	6,302
<b>TELEPHONE</b>	1,629
<b>PRINTING</b>	1,628
<b>POSTAGE</b>	1,152
<b>OTHER</b>	<u>30,170</u>
<b>TOTAL EXPENSES</b>	<u>\$ 466,689</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF ADMINISTRATIVE EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Contract Fee, Administration	\$ 40,000
Salaries, wages and related taxes	34,813
Real estate taxes	13,998
Insurance	8,933
Web and internet service	2,970
Directors discretionary	2,908
Office supplies	1,840
Printing	1,628
Postage	1,152
Telephone - long distance	915
Accounting services	760
Telephone - in state	714
Bank services charges	223
Administration fee	119
Other	<u>1</u>
Total	<u>\$ 110,974</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF WATER EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Metered purchases	\$ 131,584
Maintenance and repair	13,845
Legal	5,176
Service contract	4,200
Electricity	1,558
Other expense	<u>195</u>
Total	<u>\$ 156,558</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF MARINA EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Electricity	\$	2,852
Maintenance and repairs		<u>1,171</u>
Total	\$	<u>4,023</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF SOCIAL EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Social general expenses	\$ 8,613
New years eve expenses	<u>199</u>
Total	<u>\$ 8,812</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF COMMON PROPERTY EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Maintenance	\$	25,815
Mosquito control		5,600
Electricity for outdoor lighting		4,220
Tennis court repair and maintenance		<u>225</u>
Total	\$	<u>35,860</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF ROAD EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Grading	\$	20,039
Gravel		13,602
Brush cutting		11,015
Road blasting		9,994
Overhang butting		3,300
Miscellaneous		2,150
Culverts POASI		1,371
Intersection improvement		1,037
Paved road maintenance		963
Road sweeping		<u>690</u>
Total	\$	<u>64,161</u>

See Independent Accountants' Review Report



PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF CLUBHOUSE EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Heat	\$	3,225
Electricity		2,439
Maintenance and repair		1,944
Plowing		500
Clubhouse cable TV		460
Supplies		223
Security		<u>200</u>
Total	\$	<u>8,991</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF BEACH EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Maintenance and repair	\$ 10,543
Toilet rental	6,302
Beach wi-fi wireless	<u>980</u>
Total	<u>\$ 17,825</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF RESERVE EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Water Development - unbudgeted	\$ 20,373
Road work project - reserve	10,771
Legal - bylaws and covenants	8,720
C/H electrical infrastructure	5,197
Financing committee fee	2,500
DES water system GPS	2,087
Water development - unbudgeted	1,517
QuickBooks consult - Tucker	1,440
Reserve project accounting	<u>516</u>
Total	<u>\$ 53,121</u>

See Independent Accountants' Review Report

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.

SCHEDULE OF OTHER EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Scholarship	\$	2,077
Common property projects		1,995
Clubhouse monitor IT		1,628
Public relations - Suissevale clothing		<u>664</u>
Total	\$	<u>6,364</u>

See Independent Accountants' Review Report