

THE COMMON AT SINNOTT FARM, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2003

THE COMMON AT SINNOTT FARM INC.
TABLE OF CONTENTS

	<u>Page No.</u>
ACCOUNTANT'S REVIEW REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Revenue, Expense and Changes in Fund Balance	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-6
SUPPLEMENTARY INFORMATION	
Schedule I - Operating Expenses	7



Certified Public Accountant

STEVEN E. HINTZ

1330 SULLIVAN AVENUE
SOUTH WINDSOR, CONNECTICUT 06074
860-644-9453 • FAX 860-644-9486

To the Board of Directors
The Common at Sinnott Farm, Inc.
Bloomfield, CT 06002

I have reviewed the accompanying balance sheet of The Common at Sinnott Farm, Inc. as of December 31, 2003, and the related statements of revenue, expense, and changes in fund balance and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The Common at Sinnott Farm, Inc.

A review consists principally of inquiries of association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

My review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying Schedule is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made thereto.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be part of, the basic financial statements. The Common at Sinnott Farm, Inc. has not presented this supplementary information.

Steven E. Hintz, CPA
November 1, 2005

THE COMMON AT SINNOTT FARM, INC.
BALANCE SHEET
DECEMBER 31, 2003

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$3,721	\$5,541	\$9,262
Investments		24,015	24,015
Accounts receivable - unit owners	1,750		1,750
Equipment, net of accumulated depreciation of \$3,789	<u>7,269</u>		<u>7,269</u>
	<u>12,740</u>	<u>29,556</u>	<u>42,296</u>
LIABILITIES			
Accounts payable	0		0
Accrued income taxes	<u>14</u>		<u>14</u>
FUND BALANCES	<u>12,726</u>	<u>29,556</u>	<u>42,282</u>
	<u>\$12,740</u>	<u>\$29,556</u>	<u>\$42,296</u>

See accountant's review report and the
accompanying notes to these financial statements.

THE COMMON AT SINNOTT FARM, INC.
STATEMENT OF REVENUE, EXPENSE
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUE			
Association fees	\$33,000	\$0	\$33,000
Resale income	500		500
Late fines / Miscellaneous	2,575		2,575
Interest income		415	415
	<u>36,075</u>	<u>415</u>	<u>36,490</u>
EXPENSES			
Operating expenses (Schedule I)	44,672		44,672
Depreciation expense	<u>1,220</u>		<u>1,220</u>
	<u>45,892</u>	<u>0</u>	<u>45,892</u>
EXCESS OF REVENUE OVER EXPENSES	(9,817)	415	(9,402)
FUND BALANCES -January 1, 2003	10,687	40,997	51,684
INTERFUND TRANSFERS	<u>11,856</u>	<u>(11,856)</u>	<u>0</u>
FUND BALANCES - December 31, 2003	<u>\$12,726</u>	<u>\$29,556</u>	<u>\$42,282</u>

See accountant's review report and the
accompanying notes to these financial statements.

THE COMMON AT SINNOTT FARM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expense	(\$9,817)	\$415	(\$9,402)
Adjustments to reconcile excess of revenue over expense to net cash provided by operating activities			
Depreciation	1,220		1,220
(Increase) decrease in:			
Accounts receivable	(750)		(750)
Increase (decrease) in:			
Accounts payable	(173)		(173)
Income taxes payable	(178)		(178)
Loss on sale of asset			0
Prepaid dues	<u>(1,125)</u>		<u>(1,125)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(10,823)	415	(10,408)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of equipment	0		0
Purchase of equipment	0		
(Increase) Decrease in investment	<u>12,110</u>	<u>(415)</u>	<u>11,695</u>
NET CASH USED BY INVESTING ACTIVITIES	12,110	(415)	11,695
CASH FLOWS FROM FINANCING ACTIVITIES			
Reduction in interfund balance and net transfer amount	<u>(254)</u>	<u>254</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	1,033	254	1,287
CASH BALANCE - beginning of period	<u>2,688</u>	<u>5,287</u>	<u>7,975</u>
CASH BALANCE - end of period	<u><u>\$3,721</u></u>	<u><u>\$5,541</u></u>	<u><u>\$9,262</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:	
Income taxes	<u><u>\$192</u></u>

See accountant's review report and the
accompanying notes to these financial statements.

THE COMMON AT SINNOTT FARM, INC.
NOTES TO THE FINANCIAL STATEMENTS

I. ORGANIZATION

The Common At Sinnott Farm, Inc. (a homeowners' association) is a non-stock Connecticut corporation, not organized for profit. The association was originally incorporated in 1988, and consists of 66 residential units on individual lots, surrounded by commonly-owned open space. The complex is located on approximately 64 acres of land within the Town of Bloomfield, Connecticut. The board of directors and the association are responsible for the operation and maintenance of the common property of The Common At Sinnott Farm Inc.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

These financial statements are prepared on the accrual basis using generally accepted accounting principles appropriate for homeowners' associations. Revenue is recorded when due and expenses are recorded when incurred. The association records its transactions in separate funds depending on the identification of the activity to which the transaction relates.

Operating Fund - this fund is used to account for the general operating revenue and expenses of the association.

Replacement Fund - this fund is used to accumulate financial resources for major repairs and replacement costs which will be incurred at some future time.

Capitalization Policy

The association holds title to some components of the common property, however, according to the documents, it is prohibited from disposing of them without approval from the unit owners. Consistent with industry practice, this property is not capitalized. The remaining common property and any related additions or improvements are owned by the individual unit owners in common and not by the association.

III. 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 of assets and liabilities. Estimates may affect disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

IV. MEMBER ASSESSMENTS

Association members are assessed quarterly common charges to provide funds for the current operations and future needs of the association. Accounts receivable include any related late charges or collection fees.

THE COMMON AT SINNOTT FARM, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

V. PROPERTY AND EQUIPMENT

The association has the responsibility to maintain and preserve the common property, whether or not capitalized. Common property not capitalized consists of open areas, streets, sewer mains and telephone poles.

Capitalized common property is depreciated over its estimated useful life using the straight-line method of depreciation.

VI. INSURANCE

The association has the following insurance coverage in force:

General liability	\$1,000,000
Directors and officers	1,000,000

VII. INCOME TAXES

For the year ended December 31, 2003, the association has elected to be treated as a qualified homeowners association according to Section 528 of the Internal Revenue Code. Under this section, the association is taxed on certain net income which derives from sources outside the association, such as interest. Common charges received from owners and used for association expenses are generally exempt from taxation. When the association elects this filing status, no taxes are due to the State of Connecticut, although an information return must be filed.

VIII. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The association's governing documents suggest but do not require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures in normal operations.

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the board estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, \$7,900 has been included in the 2004 budget as an addition to the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

SUPPLEMENTARY INFORMATION

THE COMMON AT SINNOTT FARM, INC.
SCHEDULE I - OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Actual</u>	<u>Budget</u>
Administrative	\$3,023	\$2,250
Snow removal	23,723	10,720
Landscaping	9,000	9,000
Insurance	1,538	1,500
Legal fees	4,417	1,000
Utilities	2,694	2,100
Miscellaneous	263	250
Equipment	0	400
Taxes	14	0
Reserve Fund	0	250
Capital expenditures	0	5,280
Contingency	<u>0</u>	<u>250</u>
Total Operating Expenses	<u>\$44,672</u>	<u>\$33,000</u>

See accountant's report.