

**THE COMMON AT SINNOTT FARM, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING DECEMBER 31, 2010**

THE COMMON AT SINNOTT FARM INC.  
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*Certified Public Accountant*

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying balance sheets of The Common at Sinnott Farm, Inc. (a corporation) as of December 31, 2010 and the related statements of revenue, expenses, and changes in fund balance and cash flows for the year then ended. A review includes primarily applying analytical procedures to the owners' financial data and making inquiries of the owners. 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, I do not express such an opinion.

The owners are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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

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 accounting principles generally accepted in the United States of America.

Steven E. Hintz, CPA  
March 25, 2011

THE COMMON AT SINNOTT FARM, INC.  
BALANCE SHEET  
DECEMBER 31, 2010

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 3,430	\$ 35,999	\$ 39,429
Accounts receivable - unit owners	14,545		14,545
Prepaid taxes	-		-
Equipment, net of accumulated depreciation of \$1,876	<u>-</u>	<u>-</u>	<u>-</u>
	<u>17,975</u>	<u>35,999</u>	<u>53,974</u>
 <b>LIABILITIES</b>			
Accounts payable	-		-
Accrued income taxes	<u>5</u>	<u>-</u>	<u>5</u>
<hr/>			
<b>FUND BALANCES</b>	<u>17,970</u>	<u>35,999</u>	<u>53,969</u>
	<u>\$ 17,975</u>	<u>\$ 35,999</u>	<u>\$ 53,974</u>

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

THE COMMON AT SINNOTT FARM, INC.  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUE			
Association fees	\$ 56,760	\$ -	\$ 56,760
Non payment penalty	2,700		2,700
Late fines / Miscellaneous	1,175		1,175
Interest income		<u>197</u>	<u>197</u>
	<u>60,635</u>	<u>197</u>	<u>60,832</u>
EXPENSES			
Operating expenses (Schedule I)	49,010		49,010
Bad debt expense	<u>4,924</u>		<u>4,924</u>
	<u>53,934</u>	<u>-</u>	<u>53,934</u>
EXCESS OF REVENUE OVER EXPENSES	6,701	197	6,898
FUND BALANCES - January 1, 2010	16,369	30,702	47,071
INTERFUND TRANSFERS	<u>(5,100)</u>	<u>5,100</u>	<u>-</u>
FUND BALANCES - December 31, 2010	<u>\$ 17,970</u>	<u>\$ 35,999</u>	<u>\$ 53,969</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, 2010

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenue over expense	\$ 6,701	\$ 197	\$ 6,898
Adjustments to reconcile excess of revenue over expense to net cash provided by operating activities			
Depreciation	-		-
(Increase) decrease in:			
Accounts receivable	(2,086)		(2,086)
Prepaid taxes	10		10
Increase (decrease) in:			
Income taxes payable	<u>5</u>		<u>5</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>4,630</b>	<b>197</b>	<b>4,827</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Reduction in interfund balance and net transfer amount	<u>(5,100)</u>	<u>5,100</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<b>(5,100)</b>	<b>5,100</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(470)</b>	<b>5,297</b>	<b>4,827</b>
CASH BALANCE - beginning of period	<u>3,900</u>	<u>30,702</u>	<u>34,602</u>
CASH BALANCE - end of period	<u><u>\$ 3,430</u></u>	<u><u>\$ 35,999</u></u>	<u><u>\$ 39,429</u></u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid during the year for:	
Income taxes	<u><u>\$ -</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, 2010, the Association has elected to be treated as a qualified homeowner's 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, \$6,400 has been included in the 2011 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.