

THE COMMON AT SINNOTT FARM, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2016

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, Expenses 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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying financial statements of The Common at Sinnott Farm, Inc. (a corporation), which comprise the balance sheet as of December 31, 2016 and the related statements of revenue, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to the management's financial data and making inquiries of company 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, I do not express such an opinion.

Management's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control 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

My responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedule I 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. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.

Steven E. Hintz, CPA
March 30, 2017

THE COMMON AT SINNOTT FARM, INC.
BALANCE SHEET
DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 10,511	\$ 86,068	\$ 96,579
Accounts receivable - unit owners	-	-	-
Prepaid insurance	1,420	-	1,420
Equipment, net of accumulated depreciation of \$1,876	-	-	-
	<u>11,931</u>	<u>86,068</u>	<u>97,999</u>
 LIABILITIES			
Prepaid fees	4,413	-	4,413
Accounts payable	-	-	-
	4,413	-	4,413
FUND BALANCES	<u>7,518</u>	<u>86,068</u>	<u>93,586</u>
	<u>\$ 11,931</u>	<u>\$ 86,068</u>	<u>\$ 97,999</u>

See accountant's report and accompanying notes.

THE COMMON AT SINNOTT FARM, INC.
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUE			
Association fees	\$ 67,320	\$ -	\$ 67,320
Non payment penalty	300	-	300
Late fines / Legal fees / Miscellaneous	825	-	825
Interest income	<u>6</u>	<u>106</u>	<u>112</u>
	<u>68,451</u>	<u>106</u>	<u>68,557</u>
EXPENSES			
Operating expenses (Schedule I)	59,787	-	59,787
Bad debt expense	<u>25</u>	<u>-</u>	<u>25</u>
	<u>59,812</u>	<u>-</u>	<u>59,812</u>
EXCESS OF REVENUE OVER EXPENSES	8,639	106	8,745
FUND BALANCES - January 1, 2016	8,079	76,762	84,841
INTERFUND TRANSFERS	<u>(9,200)</u>	<u>9,200</u>	<u>-</u>
FUND BALANCES - December 31, 2016	<u>\$ 7,518</u>	<u>\$ 86,068</u>	<u>\$ 93,586</u>

See accountant's report and accompanying notes.

THE COMMON AT SINNOTT FARM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expense	\$ 8,639	\$ 106	\$ 8,745
Adjustments to reconcile excess of revenue over expense to net cash provided by operating activities			
Depreciation	-	-	-
(Increase) decrease in:			
Accounts receivable	45	-	45
Prepaid insurance	66	-	66
Increase (decrease) in:			
Prepaid fees	(433)	-	(433)
Accounts payable	189	-	189
Income taxes payable	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,506	106	8,612
CASH FLOWS FROM FINANCING ACTIVITIES			
Reduction in interfund balance and net transfer amount	(9,200)	9,200	-
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(9,200)	9,200	-
NET INCREASE (DECREASE) IN CASH	(694)	9,306	8,612
CASH BALANCE - beginning of period	11,205	76,762	87,967
CASH BALANCE - end of period	\$ 10,511	\$ 86,068	\$ 96,579

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:	
Income taxes	\$ -

See accountant's report and accompanying notes.

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, 2016, 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.

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, \$7,208 has been included in the 2017 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, 2016

	<u>Actual</u>	<u>Budget</u>
Administrative	\$ 2,310	\$ 1,095
Maintenance - Lawn and Snow	37,064	38,000
Tree services	-	-
Insurance	381	2,000
Accounting	1,100	1,025
Legal fees	1,530	-
Utilities	8,688	6,400
Infrastructure maintenance	-	-
Management fee	8,714	9,600
Contingency	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$ 59,787</u>	<u>\$ 58,120</u>

See accountant's report.