

WASHINGTON'S HEAD QUARTERS TOWNHOUSES

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	2
Statements of Revenues and Expenses	3
Statements of Changes in Members' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6-8

INDEPENDENT AUDITOR'S REPORT

*To The Board of Directors and Members of
Washington's Head Quarters Townhouses*

I have audited the accompanying financial statements of Washington's Head Quarters Townhouses, which comprise the balance sheets as of June 30, 2020 and 2019 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.

Management's Responsibility for the Financial Statements

Management 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

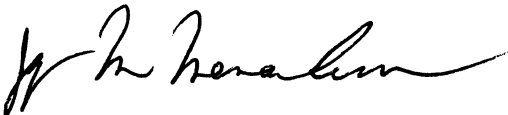
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington's Head Quarters Townhouses as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted the supplementary information about future repairs and replacements 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. My opinion on the basic financial statements is not affected by the missing information.



JAY M. MENACHEM
Certified Public Accountant

Garden City, New York
August 21, 2020

WASHINGTON'S HEAD QUARTERS TOWNHOUSES
BALANCE SHEETS
JUNE 30,

ASSETS

	2020	2019
<u>ASSETS</u>		
Cash in Banks		
Operating - Checking	\$40,779	\$23,036
Reserve - Savings	<u>142,944</u>	<u>284,730</u>
Member Assessments Receivable	2,459	1,124
Prepaid Insurance	23,095	24,545
Utility Deposit	<u>160</u>	<u>730</u>
TOTAL ASSETS	<u>\$209,437</u>	<u>\$334,165</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accounts Payable	\$43,597	\$49,871
Prepaid Member Assessments	690	690
Real Estate Tax Refund due Former Members	6,796	6,796
Security Deposit	<u>1,000</u>	<u>1,000</u>
TOTAL LIABILITIES	\$ 52,083	\$ 58,357

MEMBERS' EQUITY

	<u>157,354</u>	<u>275,808</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$209,437</u>	<u>\$334,165</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON'S HEAD QUARTERS TOWNHOUSES
STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2020	2019
<u>REVENUES</u>		
Regular Assessments	\$ 207,576	\$ 207,576
Special Assessments	-	175,000
New Owner Assessments	-	785
Miscellaneous (late fee reversals)	-	(200)
Interest Income	177	98
TOTAL REVENUES	207,753	383,259
<u>EXPENSES</u>		
Landscaping General and Snow Removal	60,006	56,256
Tree Maintenance	6,654	19,976
Grounds Extras	2,058	2,436
Exterminating	2,789	2,529
Pool Maintenance	7,769	7,113
Pool Fuel	2,069	3,473
Pool Repairs	3,887	5,121
Tennis Court Maintenance	4,159	4,712
Gutter Cleaning and Repairs	2,500	2,500
Fire Hydrant Maintenance	-	591
Common Grounds Maintenance	4,350	4,854
Painting and Carpentry	2,443	7,261
Road Project - Engineer	14,615	4,758
Road Project Phase I	131,251	-
Road Project - Legal	5,346	-
Electricity	3,240	3,898
Water	26,211	27,265
Insurance	28,472	26,655
Management Fees	12,000	9,000
Accounting Fees	4,900	4,900
Telephone	480	480
Office	1,008	1,033
TOTAL EXPENSES	326,207	194,811
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$(118,454)	\$ 188,448

The accompanying notes are an integral part of the financial statements

**WASHINGTON'S HEAD QUARTERS TOWNHOUSES
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED JUNE 30,**

	2020	2019
	<u>Total Members' Equity</u>	<u>Total Members' Equity</u>
MEMBERS' EQUITY - BEGINNING OF YEAR	\$275,808	\$ 87,360
(Deficiency) Excess of Revenues Over Expenses	<u>(118,454)</u>	<u>188,448</u>
MEMBERS' EQUITY - END OF YEAR	<u>\$157,354</u>	<u>\$275,808</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON'S HEAD QUARTERS TOWNHOUSES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficiency) Excess of Revenues Over Expenses	\$(118,454)	\$ 188,448
Adjustments to Reconcile Revenue (Under) Over Expenses to Net Cash (Used In) Provided By Operating Activities:		
(Increase) Decrease in:		
Member Assessments Receivable	(1,335)	1,978
Insurance Recovery Receivable	-	6,775
Prepaid Insurance	1,450	1,010
Utility Deposit	570	-
Increase (Decrease) in:		
Accounts Payable	(6,274)	151
Prepaid Member Assessments	-	(3,734)
Security Deposit	-	(500)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(124,043)	194,128
NET (DECREASE) INCREASE IN CASH	(124,043)	194,128
CASH AT BEGINNING OF YEAR	307,766	113,638
CASH AT END OF YEAR	\$ 183,723	\$ 307,766
Supplemental Disclosure of Cash Flow Information:		
Income Taxes Paid	\$ -	\$ -
Interest Paid	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

WASHINGTON'S HEAD QUARTERS TOWNHOUSES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE A - NATURE OF ORGANIZATION

Washington's Head Quarters Townhouses is an association of individual condominium unit owners organized in accordance with the provisions of Article 9-B of the Real Property Law of the State of New York. The Declaration and By-Laws of the Condominium were recorded on June 20, 1978.

There are 20 residential units, an indoor heated pool and tennis court located in the Village of Dobbs Ferry, Town of Greenburg, Westchester County, New York.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Accounting

The Association prepares its financial statements on the accrual basis.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Association deposits its cash with high credit quality institutions. At times such cash balances may exceed FDIC insurance limits.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Member assessments receivable at the balance sheet date represent assessments due from unit owners.

WASHINGTON'S HEAD QUARTERS TOWNHOUSES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Statement of Cash Flows - Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less, and all certificates of deposit, when purchased to be cash equivalents.

NOTE C - REAL ESTATE TAX REFUND DUE FORMER MEMBERS

During the year ended June 30, 2017, the Association received checks totaling \$5,782 from the Associations attorneys which represented Real Estate Tax refunds due three former Members that the attorney was unable to locate. At June 30, 2020 and 2019, the balance of \$6,796 represents the amounts due the former members, which includes \$1,014 from 2014.

NOTE D - NEW OWNER ASSESSMENTS

Each purchaser is required to make a contribution in an amount equal to one months' Member Assessments for such Purchaser's Unit.

NOTE E - SPECIAL ASSESSMENT

In anticipation of the underground drainage system repair project, a special assessment totaling \$175,000 was charged to all unit owners in May 2019.

NOTE F - SUBSEQUENT EVENTS

In May 2009, the FASB issued guidance in ASC 855 (Subsequent Events) which established general standards for accounting and disclosure of events occurring subsequent to the balance sheet date but prior to issuance of the financial statements. The Association has evaluated subsequent events through August 21, 2020, the date on which the financial statements were available to be issued.

NOTE G - COMMITMENTS AND CONTINGENCIES

The Association has various contract services including management services, accounting, landscaping and snow, pool maintenance and others.

In June 2020, the Board accepted a proposal for tree pruning in the approximate amount of \$12,000. Work on this proposal began in July 2020.

WASHINGTON'S HEAD QUARTERS TOWNHOUSES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE H - INCOME TAXES

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the years ended June 30, 2020 and 2019, the Association elected to be taxed as a homeowner's association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

The Association is subject to New York State taxes based on income.

The Board of Directors believes that the Association has no uncertain income tax positions.

The Associations tax returns for years before June 30, 2017 are no longer subject to examination by the taxing authorities.

NOTE I - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to borrow, utilize available cash, increase assessment charges, pass special assessments or delay repairs and replacements until the funds are available. The effect of future assessments has not been determined at this time.

The Association has periodically authorized professionals to conduct studies of selected components of common property in order to determine their estimated useful lives and to obtain estimates of the costs to repair or replace these components. Selective repair and replacement projects have been undertaken and completed.

Additionally, the Association has commissioned an engineering firm to conduct studies, including specifications for repair or replacement of the subsurface drainage system and all or a portion of the perimeter wall. The total cost of this work including repaving of the roads and parking areas and required re-landscaping is estimated at \$1,275,000. This estimate includes an allowance for landscaping that will need to be re-evaluated upon completion of other phases of the project. The Association has completed the first phase of this project, the repair and replacement of the subsurface drainage system, and assessed homeowners a total of \$175,000 in May 2019 to cover this phase of the project. The remainder of the work is expected to be done in phases over the next several years and will result in additional homeowners' assessments.