

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 & 2020

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Strathmore Court Homeowners' Association, Inc.  
Coram, New York

### **Report of the Financial Statements**

We have audited the accompanying financial statements of Strathmore Court Homeowners' Association, Inc. which comprise the balance sheets, as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in fund balances, functional expenses 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 responsibility includes design, implementation, and maintenance of internal controls 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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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 controls relevant to the Association'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 Association's internal controls. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Strathmore Court Homeowners' Association, Inc., at December 31, 2021 and 2020, 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.

**Other Matter**

The supplementary information, Schedule of Revenue and Expenses - Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information (except for the budget information, which we have not audited or reviewed and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it) has been subjected to the audit procedures applied in our audit of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information.

Management has omitted the information about the estimates of future costs of major 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Catalanotto, Tartaro & Fusco CPA's*

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Catalanotto, Tartaro & Fusco CPA'S, PLLC  
Nesconset, New York  
March 28, 2022

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 BALANCE SHEETS  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
<b>Assets</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 147,576	\$ 658,890	\$ 806,466	\$ 672,517
Mutual Fund Investments	-0-	541,657	541,657	538,467
Homeowners Receivables, Net (Note 5)	65,514	-0-	65,514	63,610
Prepaid expenses	4,334	-0-	4,334	4,148
Furniture, Fixtures and Equipment, Net (Note 6)	-0-	26,859	26,859	32,610
<b>Total Assets</b>	<u>217,424</u>	<u>1,227,406</u>	<u>1,444,830</u>	<u>1,311,352</u>
<b>Liabilities And Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	89,402	-0-	89,402	51,280
Prepaid Owners Assessments	9,008	-0-	9,008	9,137
<b>Total Liabilities</b>	<u>98,410</u>	<u>-0-</u>	<u>98,410</u>	<u>60,417</u>
<b>Fund Balance</b>				
Operating Fund Balance	119,014	-0-	119,014	327,549
Reserve Fund Balance	-0-	1,277,642	1,277,642	966,270
Accumulated Other Comprehensive Income:				
Net Unrealized Loss on Investments	-0-	(50,236)	(50,236)	(42,884)
<b>Total Fund Balance</b>	<u>119,014</u>	<u>1,227,406</u>	<u>1,346,420</u>	<u>1,250,935</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 217,424</u>	<u>\$ 1,227,406</u>	<u>\$ 1,444,830</u>	<u>\$1,311,352</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
<b>Revenue</b>				
Common Charge	\$ 900,000	\$ 156,000	\$ 1,056,000	\$ 1,056,000
Legal Fee Recovery	28,099	-0-	28,099	43,306
Interest and Dividend Income	-0-	11,123	11,123	10,806
Clubhouse Rental and Other	9,588	-0-	9,588	12,696
<b>Total Revenue</b>	<u>937,687</u>	<u>167,123</u>	<u>1,104,810</u>	<u>1,122,808</u>
<b>Operating Expenses</b>				
Community Maintenance Expenses	595,080	5,176	600,256	558,851
Clubhouse Expenses	83,600	575	84,175	65,925
Pool and Recreation	57,394	-0-	57,394	49,172
General and Administrative	157,214	-0-	157,214	189,406
<b>Total Expenses</b>	<u>893,288</u>	<u>5,751</u>	<u>899,039</u>	<u>863,354</u>
<b>Excess of Revenues over Expenses Before Major Repairs and Replacements</b>	44,399	161,372	205,771	259,454
<b>Major Repairs and Replacements</b>	<u>98,434</u>	<u>4,500</u>	<u>102,934</u>	<u>13,114</u>
<b>Net Income/(Loss)</b>	<u>(54,035)</u>	<u>156,872</u>	<u>102,837</u>	<u>246,340</u>
<b>Other Comprehensive Income</b>				
Unrealized Gain/(Loss)	<u>-0-</u>	<u>(7,352)</u>	<u>(7,352)</u>	<u>204</u>
<b>Comprehensive Income/(Loss)</b>	(54,035)	149,520	95,485	246,544
Fund Balance, Beginning of Year	327,549	923,386	1,250,935	1,004,391
Net Transfers Between Funds	(154,500)	154,500	-0-	-0-
<b>Fund Balance, End of Year</b>	<u>\$ 119,014</u>	<u>\$ 1,227,406</u>	<u>\$ 1,346,420</u>	<u>\$ 1,250,935</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		2020	
	Operating Fund	Reserve Fund	Total	Total
<b>Community Maintenance Expenses</b>				
<b>Grounds Maintenance</b>				
Landscaping Contract	\$195,000	-0-	\$ 195,000	\$ 195,000
Chemical Contract	40,246	-0-	40,246	41,543
Grounds Tree Removal & Pruning	17,923	-0-	17,923	38,794
Seed, Soil and Other Supplies	16,500	-0-	16,500	-0-
Additional Clean-Up	10,000	-0-	10,000	-0-
Depreciation	-0-	5,176	5,176	5,804
Land Recovery	4,750	-0-	4,750	3,600
Front Entrance Landscape	2,190	-0-	2,190	1,500
Debris Removal	2,134	-0-	2,134	1,000
<b>Common Area Maintenance</b>				
Sprinkler and Irrigation System	115,761	-0-	115,761	105,102
Water	92,293	-0-	92,293	82,014
Payroll - Staff	60,260	-0-	60,260	61,189
Roofing, Siding and Other Repairs	28,157	-0-	28,157	14,618
Payroll Taxes and Related Costs	6,738	-0-	6,738	6,022
Propane	2,038	-0-	2,038	1,895
Small Tools	671	-0-	671	17
Truck, Gas and Repairs	419	-0-	419	607
Inspection Survey	-0-	-0-	-0-	146
<b>Total Community Maintenance Expenses</b>	<b>595,080</b>	<b>5,176</b>	<b>600,256</b>	<b>558,851</b>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
<b>Clubhouse Expenses</b>				
<b>Utilities</b>				
Electric	11,554	-0-	11,554	13,247
Gas	7,410	-0-	7,410	7,073
Cable	1,635	-0-	1,635	1,757
<b>Repairs and Maintenance</b>				
Alarm Monitoring and Electric	18,518	-0-	18,518	18,437
Plumbing, Heating and Air Conditioning	14,702	-0-	14,702	533
Cleaning Supplies	9,067	-0-	9,067	5,854
Snow Removal	7,250	-0-	7,250	2,100
Fingerprint System	4,970	-0-	4,970	-0-
Refuse Removal	3,950	-0-	3,950	3,999
Exercise Equipment	1,298	-0-	1,298	1,298
Carpentry	1,039	-0-	1,039	-0-
Game Room	934	-0-	934	-0-
Exterminating	869	-0-	869	527
Depreciation	-0-	575	575	645
Roof	404	-0-	404	295
Power washing	-0-	-0-	-0-	10,160
<b>Total Clubhouse Expenses</b>	<b>83,600</b>	<b>575</b>	<b>84,175</b>	<b>65,925</b>
<b>Pool and Recreation</b>				
Materials, Supplies and Other	56,850	-0-	56,850	48,648
Minor Repairs	544	-0-	544	69
Licenses, Permits & Fees	-0-	-0-	-0-	400
Committee	-0-	-0-	-0-	55
<b>Total Pool and Recreation</b>	<b>57,394</b>	<b>-0-</b>	<b>57,394</b>	<b>49,172</b>



STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
	<b>General and Administrative</b>			
Management	60,000	-0-	60,000	60,000
Legal	41,737	-0-	41,737	46,852
Insurance	30,718	-0-	30,718	30,717
Stationery, Printing and Office	9,885	-0-	9,885	8,734
Audit and Accounting	7,000	-0-	7,000	7,000
Computer Supplies and Internet	6,200	-0-	6,200	1,857
Income Tax	5,768	-0-	5,768	8,473
Auto and Travel	1,508	-0-	1,508	1,597
Telephone	1,439	-0-	1,439	1,439
Repair and Maintenance - Equipment	747	-0-	747	695
Miscellaneous	611	-0-	611	506
Dues and Permits	40	-0-	40	32
Bank Service Charges	35	-0-	35	85
Bad Debt (Recovery)/Expense	(8,474)	-0-	(8,474)	19,505
Postage	-0-	-0-	-0-	1,914
<b>Total General and Administrative</b>	<b>157,214</b>	<b>-0-</b>	<b>157,214</b>	<b>189,406</b>
<b>Total Expenses</b>	<b>893,288</b>	<b>5,751</b>	<b>899,039</b>	<b>863,354</b>
 <b>Major Repairs and Replacements</b>				
Asphalt Driveways	50,620	-0-	50,620	-0-
Clubhouse Renovation	21,453	-0-	21,453	-0-
Sealing Project	15,387	-0-	15,387	13,114
Large Tree Pruning	10,974	-0-	10,974	-0-
Maintenance Shop	-0-	4,500	4,500	-0-
<b>Total Major Repairs and Replacements</b>	<b>\$ 98,434</b>	<b>\$ 4,500</b>	<b>\$ 102,934</b>	<b>\$ 13,114</b>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 STATEMENTS OF CASH FLOW  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
<b>Cash Flows from Operating Activities</b>				
Comprehensive Income/(Loss)	\$(54,035)	\$ 149,520	\$ 95,485	\$246,544
<b>Adjustments to Reconcile Comprehensive Income to Net Cash Provided by Operating Activities</b>				
Depreciation	-0-	5,751	5,751	6,449
(Increase)/Decrease in:				
Homeowners' Receivables, Net	(1,904)	-0-	(1,904)	(32,840)
Prepaid Expenses	(186)	-0-	(186)	720
Increase/(Decrease):				
Accounts Payable	38,122	-0-	38,122	30,965
Prepaid Owners Assessments	(129)	-0-	(129)	(12,525)
<b>Net Cash Provided By/(Used In) Operating Activities</b>	<b>(18,132)</b>	<b>155,271</b>	<b>137,139</b>	<b>239,313</b>
<b>Cash Flows from Investing Activities</b>				
Purchases of Mutual Funds	-0-	(10,542)	(10,542)	(11,942)
Unrealized Losses/(Gains)	-0-	7,352	7,352	(204)
Net Transfers Between Funds	(154,500)	154,500	-0-	-0-
<b>Net Cash Used in Investing Activities</b>	<b>(154,500)</b>	<b>151,310</b>	<b>(3,190)</b>	<b>(12,146)</b>
Increase/(Decrease) in Cash and Cash Equivalents	(172,632)	306,581	133,949	227,167
Cash and Cash Equivalents, Beginning of Year	320,208	352,309	672,517	445,350
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$147,576</b>	<b>\$ 658,890</b>	<b>\$806,466</b>	<b>\$672,517</b>
<b>Supplemental Information:</b>				
Income Taxes Paid	\$ 5,768	\$ -0-	\$ 5,768	\$ 8,473

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

**NOTE 1 – NATURE OF ORGANIZATION**

Strathmore Court Homeowners' Association, Inc. (the "Association") was organized under Section 402 of the Not-for-Profit Corporation Law on May 23, 1973 in the State of New York. The Association provides certain services to 440 residential units within the community, including preservation and maintenance of clubhouse, grounds, and related facilities. This was accomplished in 2021 and 2020 through the use of a management company. Common charges are assessed on homeowners through the Association to pay for the common area costs.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund: This fund is used to account for financial resources available for the general operations of the Association. The operating fund derives its revenue from common charges made on a monthly basis by unit owners. All expenses related to management, maintenance of common area grounds, operations of the clubhouse, recreation facilities, and activities of the Association are paid from this fund.

Reserve Fund: This fund represents expendable resources, including principal and income, which have been restricted for specific purposes by the Board of Directors. These funds must be used in accordance with Board of Directors directives and restrictions. The reserve fund is subdivided into two funds; a common area fund and a capital improvements fund.

The Purpose of the reserve is to provide funding for major future repairs and replacements and for unexpected contingencies of a capital nature. It is planned that the Reserve Fund will derive its revenue principally from a general allocation from the Operating fund, and interest earned thereon. These funds are kept in separate bank and/or investments accounts.

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 and disclosures of contingent assets and liabilities to 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.

Cash and Cash Equivalents

The Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

Long -Lived Assets

Accounting Standard Codification 260-10 "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of" requires long-lived assets to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Management believes that no impairment has occurred.

Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment are stated at cost less accumulated depreciation. Depreciation of real and personal property is computed using the straight-line method over their estimated useful lives. Equipment and improvements that constitute part of the commonly owned properties are charged directly to operations or to the reserve fund.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code 528 for the year ended December 31, 2021. Under the section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of the Association property. Net nonexempt income, which includes earned interest and revenue received from nonmembers, is taxed at 30% by the federal government and at 6.5%, subject to a fixed dollar minimum tax, by New York State.

The Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("ASC") to serve as the single source of authoritative Generally Accepted Accounting Principles ("GAAP"). FASB released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") which is now recognized as ASC 740. ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Association's tax returns to determine whether the tax positions are "more likely-than-not" of being sustained upon examination by the applicable tax authority.

Tax positions that are not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year; and are applied to all open tax years as of the effective date.

Based on its continued analysis, the Board of Directors has determined that the adoption of ASC 740 is not applicable to the Association's financial statements as there are no positions taken that would require recording a tax expense. However, the Board of Director's conclusions regarding ASC 740 may be subject to review and adjustment at a later date based on the on-going analysis of tax laws, regulations and interpretations thereof and other factors.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 NOTES TO THE FINANCIAL STATEMENT  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

**NOTE 3 – CONCENTRATION OF RISK**

The Association has concentrated its credit risk for cash by maintaining deposits in various financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Depository Insurance Corporation (the "FDIC"). The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash. At December 31, 2021 and 2020 the amounts of cash in excess of insured amounts equaled \$292,686 and \$67,208 respectively.

**NOTE 4 – FAIR VALUE MEASUREMENT AND DISCLOSURE**

FASB ASC 820 provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs are unobservable and are typically based on the Associations own assumptions, including situations where there is little, if any market activity.

The following tables present the Associations financial assets measured at fair value on a recurring basis as of December 31, 2021 and 2020 classified by fair value hierarchy:

<u>Asset Category</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2021</u>				
<u>Available for Sale:</u>				
Short-Term Municipal Bond Fund	\$ 541,657	\$ -0-	\$ -0-	\$ 541,657

<u>2020</u>				
<u>Available for Sale:</u>				
Short-Term Municipal Bond Fund	\$ 538,467	\$ -0-	\$ -0-	\$ 538,467

	<u>2021</u>	<u>2020</u>
Total Cost - December 31,	\$ 591,891	\$ 581,351
Accumulated Unrealized (Loss)	(50,234)	(42,884)
Fair Market Value - December 31,	\$ 541,657	\$ 538,467

**NOTE 5 – ASSESSMENTS RECEIVABLE**

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 NOTES TO THE FINANCIAL STATEMENT  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Assessment's receivable consists of delinquent amounts due from residents at the balance sheet date. As of December 31, 2021, and 2020, assessments receivable were \$119,128 and \$128,764, respectively. There is an allowance for doubtful accounts of \$53,614 and \$65,154 at December 31, 2021 and 2020, respectively.

**NOTE 6 – FURNITURE, FIXTURES AND EQUIPMENT**

The details of furniture, fixtures and equipment as of December 31, are as follows:

	<u>2021</u>	<u>2020</u>
Furniture, Fixtures and Equipment	\$ 151,000	\$ 151,000
Less: Accumulated Depreciation	(124,141)	(118,390)
	\$ 26,859	\$ 32,610

**NOTE 7 – COMMON CHARGES**

Common charges are based on an annual budget as adopted by the Board of Directors. Excess common charges at the end of the year are retained by the Association for use in the succeeding year or years.

There was no monthly fee increase of the 2021 and 2020 common charges.

Common fund contributions were \$270,000 and \$95,000 for December 31, 2021 and 2020, respectively.

Project fund contributions were \$36,000 and \$27,250 for December 31, 2021 and 2020, respectively.

**NOTE 8 – FASB ASV 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, "Revenue from Contracts with Customers", in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605 "Real Estate-Common Interest Realty Associations, Revenue Recognition", and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance as of January 1, 2020, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. Adoption of the new guidance resulted in changes to the accounting policies for assessment revenue and contract liabilities (assessments received in advance), as previously described.

The adoption of the new revenue recognition guidance had no material effect on prior periods.

**NOTE 9 – FUTURE REPAIRS AND REPLACEMENTS**

The Association has accumulated funds for future repairs and replacements in separate investment accounts. These funds are not restricted and may be used for operations. If additional funds are needed to meet future repairs or replacement costs, the Board of Directors has the right to increase common charges, pass special assessments, borrow funds or delay the major repair or replacement until the funds are available.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

**NOTE 9 – FUTURE REPAIRS AND REPLACEMENTS (CONTINUED)**

The Board of Directors has not conducted a study to determine the remaining useful lives of components of common property and estimates of costs of major repairs and replacements that may be required in the future. Rather, cost estimates are obtained from contractors as needed. The effect on future assessments has not been determined at this time.

**NOTE 10 – INTERFUND TRANSFERS**

Amounts included in the interfund transfers represent amounts actually transferred between funds, in addition to amounts paid or received by one fund on behalf of another from which the monies may not actually be transferred.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

For the year ended December 31, 2020, the Association was obligated under the following annual contracts:

<u>Contract Type</u>	<u>Annual Amount</u>
Landscaping	\$ 175,000
Sprinkler	98,000
Management	60,000
Pool	56,485
Lawn Chemical	40,246
Audit	7,000

**NOTE 12 – DATE OF MANagements REVIEW**

The Financial Accounting Standards Board (FASB) issued guidance in ASC 855 establishing general standards for accounting and disclosure of events occurring subsequent to the date of the Balance Sheets. The Association has evaluated subsequent events through March 28, 2022, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUE AND EXPENSES  
 BUDGET AND ACTUAL COMPARISON  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (unaudited)	Actual	Variance Favorable/(Unfavorable) (unaudited)
<b>Revenue</b>			
Common Charge	\$1,113,000	\$ 1,056,000	\$ (57,000)
Legal Fee Recovery	10,000	28,099	18,099
Interest and Dividend Income	7,000	11,123	4,123
Clubhouse Rental and Other	21,400	9,588	(11,812)
<b>Total Revenue</b>	<u>1,151,400</u>	<u>1,104,810</u>	<u>(46,590)</u>

**Expenses**

**Community Maintenance Expenses**

**Grounds Maintenance**

Landscaping Contract	194,000	195,000	(1,000)
Chemical Contract	40,300	40,246	54
Grounds Tree Removal & Pruning	50,000	17,923	32,077
Seed, Soil and Other Supplies	11,000	16,500	(5,500)
Additional Clean-Up	10,000	10,000	-0-
Depreciation	-0-	5,176	(5,176)
Land Recovery	8,000	4,750	3,250
Front Entrance Landscape	2,000	2,190	(190)
Debris Removal	14,000	2,134	11,866
Gas-HVAC	3,000	-0-	3,000
Seasonal Plantings	2,000	-0-	2,000

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION  
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 BUDGET AND ACTUAL COMPARISON  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget	Actual	Variance
	(unaudited)	(unaudited)	Favorable/(Unfavorable) (unaudited)
<b>Community Maintenance Expenses (Continued)</b>			
<b>Common Area Maintenance</b>			
Sprinkler and Irrigation System	115,350	115,761	(411)
Water	55,000	92,293	(37,293)
Payroll - Staff	57,000	60,260	(3,260)
Roofing, Siding and Other Repairs	8,300	28,157	(19,857)
Payroll Taxes and Related Costs	7,500	6,738	762
Propane	3,000	2,038	962
Truck, Gas and Repairs	1,000	419	581
Inspection Survey	300	-0-	300
Small Tools	100	671	(571)
Consumables	500	-0-	500
Maintenance Building Electric	500	-0-	500
<b>Total Community Maintenance Expenses</b>	<b>582,850</b>	<b>600,256</b>	<b>(17,406)</b>

**Clubhouse Expenses**

**Utilities**

Electric	16,000	11,554	4,446
Gas	8,000	7,410	590
Cable	2,000	1,635	365

**Repairs and Maintenance**

Alarm Monitoring and Electric	15,900	18,518	(2,618)
Plumbing, Heating and Air Conditioning	1,600	14,702	(13,102)

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
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	Budget	Actual	Variance
	(unaudited)		Favorable/(Unfavorable)
			(unaudited)
<b>Clubhouse Expenses (Continued)</b>			
Cleaning Supplies	13,100	9,067	4,033
Snow Removal	5,000	7,250	(2,250)
Fingerprint System	1,600	4,970	(3,370)
Refuse Removal	3,800	3,950	(150)
Exercise Equipment	1,000	1,298	(298)
Carpentry	600	1,039	(439)
Game Room	400	934	(534)
Exterminating	1,300	869	431
Depreciation	-0-	575	(575)
Roof	300	404	(104)
Gate System	1,200	-0-	1,200
Painting	600	-0-	600
Electrical	600	-0-	600
<b>Total Clubhouse Expenses</b>	<u>73,000</u>	<u>84,175</u>	<u>(11,175)</u>
<b>Pool and Recreation</b>			
Materials, Supplies and Other	47,700	56,850	(9,150)
Minor Repairs	1,500	544	956
Committee	6,000	-0-	6,000
Furniture and Equipment	2,000	-0-	2,000
Licenses, Permits & Fees	900	-0-	900
<b>Total Pool and Recreation</b>	<u>58,100</u>	<u>57,394</u>	<u>706</u>

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	Budget (unaudited)	Actual	Variance Favorable/(Unfavorable) (unaudited)
<b>General and Administrative</b>			
Management	66,000	60,000	6,000
Legal	65,000	41,737	23,263
Insurance	54,000	30,718	23,282
Stationery, Printing and Office	10,500	9,885	615
Audit and Accounting	8,000	7,000	1,000
Computer Supplies and Internet	3,500	6,200	(2,700)
Income Tax	7,500	5,768	1,732
Auto and Travel	1,600	1,508	92
Telephone	1,500	1,439	61
Repair and Maintenance - Equipment	1,300	747	553
Miscellaneous	800	611	189
Dues and Permits	300	40	260
Bank Service Charges	1,000	35	965
Bad Debt (Recovery)/Expense	60,000	(8,474)	68,474
Postage	3,500	-0-	3,500
Equipment Purchases	1,200	-0-	1,200
Advertising	500	-0-	500
Vandalism	250	-0-	250
<b>Total General and Administrative</b>	<b>286,450</b>	<b>157,214</b>	<b>129,236</b>
<b>Total Expenses</b>	<b>1,000,400</b>	<b>899,039</b>	<b>101,361</b>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.  
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 BUDGET AND ACTUAL COMPARISON  
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	<u>Budget</u> (unaudited)	<u>Actual</u>	Variance <u>Favorable/(Unfavorable)</u> (unaudited)
<b>Excess of Revenues over Expenses</b>	151,000	205,771	54,771
<b>Major Repairs and Replacements</b>			
Asphalt Driveways	10,000	50,620	(40,620)
Clubhouse Renovation	100,000	21,453	78,547
Sealing Project	15,000	15,387	(387)
Large Tree Pruning	45,000	10,974	34,026
Maintenance Shop	-0-	4,500	(4,500)
Concrete Repairs	20,000	-0-	20,000
Arborist Report	5,000	-0-	5,000
	<u>195,000</u>	<u>102,934</u>	<u>92,066</u>
<b>Net Income</b>	<u>\$ (44,000)</u>	<u>\$ 102,837</u>	<u>\$ 146,837</u>