



STRATHMORE COURT HOMBOWNERS'
ASSOCIATION INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2009 AND 2008

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Independent Auditors' Report

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

We have audited the accompanying balance sheet of Strathmore Court Homeowners' Association, Inc. as of December 31, 2009 and 2008 and the related statements of revenue, expenses and changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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. as of December 31, 2009 and 2008 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.

Respectfully submitted,

Marino and Berner

Marino and Berner
Certified Public Accountants

March 24, 2010
Kings Park, NY

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			2008
	Operating Fund	Reserve Fund	Total	Total (For Comparative Purposes Only)
Revenue:				
Homeowners' common charges	\$ 667,572	\$ 177,228	\$ 844,800	\$ 765,601
Finance and late charges	14,060	-	14,060	15,225
Interest and dividend income	127	6,670	6,797	17,093
Realized gain (loss) on sale of investments	-	-	-	-
Legal fees recovered	44,365	-	44,365	23,847
Clubhouse rental and other	5,340	-	5,340	10,598
Total revenue	<u>731,464</u>	<u>183,898</u>	<u>915,362</u>	<u>832,364</u>
Operating expenses:				
Community maintenance	424,463	5,013	429,476	429,829
Clubhouse	45,259	-	45,259	43,898
Pool and recreation	40,352	-	40,352	34,237
General and administrative	177,143	-	177,143	156,832
Total operating expenses	<u>687,217</u>	<u>5,013</u>	<u>692,230</u>	<u>664,796</u>
Excess operating revenue over expenses	<u>44,247</u>	<u>178,885</u>	<u>223,132</u>	<u>167,568</u>
Major repairs and replacements:				
Clubhouse renovation and playground	-	14,587	14,587	11,288
Driveways, walks, parking lot and blacktop	-	144,260	144,260	20,807
Landscape improvements	-	-	-	-
Pool repairs	-	1,304	1,304	25,677
Shop maintenance	-	-	-	-
Total capital expenses	<u>-</u>	<u>160,151</u>	<u>160,151</u>	<u>57,772</u>
Net revenue over (under) expenses	<u>44,247</u>	<u>18,734</u>	<u>62,981</u>	<u>109,796</u>
Other comprehensive income:				
Net unrealized gain (loss) on investments	-	(9,372)	(9,372)	4,703
Less: reclassification adjustment for loss included in net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income	<u>-</u>	<u>(9,372)</u>	<u>(9,372)</u>	<u>4,703</u>
Total comprehensive income	<u>44,247</u>	<u>9,362</u>	<u>53,609</u>	<u>114,499</u>
Fund balance, beginning of year	<u>172,867</u>	<u>424,583</u>	<u>597,450</u>	<u>482,951</u>
Fund balance, end of year	<u>\$ 217,114</u>	<u>\$ 433,945</u>	<u>\$ 651,059</u>	<u>\$ 597,450</u>

See accompanying notes and Auditors' report.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. Summary of significant accounting policies:

Background:

Strathmore Court Homeowners' Association, Inc. was organized under Section 402 of the Not-For-Profit Corporation Law on May 23, 1973. The Association provides certain services to 440 residential units within the community, including maintenance of clubhouse, grounds, and related facilities. This was accomplished in 2009 and 2008 through the use of a management company. Common charges were \$160.00 per month for both 2009 and 2008.

Accounting method and policy:

The Association maintains its books and records on the accrual basis of accounting, therefore recognizing revenue when earned, and expenses when incurred.

Cash and cash equivalents:

The Association considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

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 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.

Equipment and improvements:

Equipment owned by the Association is stated at cost and depreciated on a straight-line basis over the useful lives of the assets. Equipment and improvements that constitute part of the commonly owned properties are charged directly to operations or to the reserve fund.

Fund accounting:

To ensure observance of restrictions placed on the use of resources available, the Associations' accounts are maintained in accordance with the principles of fund accounting. This allows for resources, which are allocated for various purposes, to be classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

The assets, liabilities, and fund balance of the Association are reported in the following two fund groups:

Operating fund:

Represents expendable funds that are available for support of Association operations as projected by budgeted items designated by the Board of Directors.

The operating fund derives its revenue from common charges made on a monthly basis to all 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.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

6. Commitments:

The Association has entered into contracts for management services, landscape labor, lawn chemical applications and pool services. These service contracts are all annual in nature and total approximately \$66,000, \$190,000, \$34,000 and \$34,000, respectively.

7. Equipment:

The details of equipment, accumulated depreciation and estimated useful lives as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 102,659	\$ 94,570
Less: accumulated depreciation	<u>(60,803)</u>	<u>(55,790)</u>
Net Equipment	<u>\$ 41,856</u>	<u>\$ 38,780</u>

Depreciation expense for 2009 and 2008 was \$5,013 and \$ 4,689 respectively.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 SUPPLEMENTAL SCHEDULES
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
COMMUNITY MAINTENANCE EXPENSES		
Grounds maintenance:		
Landscape labor contract	\$ 176,111	\$ 193,225
Depreciation	5,013	4,689
Repair and maintenance:		
Truck, gas and repairs	1,150	1,042
Sprinkler, irrigation system	77,404	66,207
Seed, soil and other supplies	1,051	981
Supplies and miscellaneous		-
Chemical contract	34,217	29,871
Grounds/tree debris removal	10,482	9,534
Maintenance building:		
Electric and gas	1,272	1,362
Repairs, supplies and small tools	569	471
Common areas:		
Materials, supplies and other	2,312	1,497
Concrete, paving and sealing	18,577	14,075
Payroll, staff	54,506	57,484
Payroll taxes and related costs	10,312	7,204
Roofing and siding	5,692	7,180
Water	<u>30,916</u>	<u>34,899</u>
 Total community maintenance	 <u>\$ 429,476</u>	 <u>\$ 429,829</u>

See Auditors' report on supplemental information.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 SUPPLEMENTAL SCHEDULES
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Audit and accounting	\$ 5,500	\$ 5,500
Auto and travel	1,547	1,479
Bad debt	5,522	9,580
Bank service charges	270	390
Board meetings	1,046	909
Claims and damages	25	250
Data processing and supplies	944	802
Dues and permits	688	90
Insurance	29,877	30,055
Legal	44,973	27,144
Management	66,000	66,000
Miscellaneous	1,192	1,007
Payroll and temporary help, office	-	356
Postage	1,497	1,415
Repairs and maintenance, equipment and contracts	5,827	3,942
Stationery, printing and office	6,344	5,603
Telephone	1,069	1,049
Unrelated business income tax	<u>4,822</u>	<u>1,061</u>
Total general and administrative expenses	<u>\$ 177,143</u>	<u>\$ 156,632</u>

See Auditors' report on supplemental information.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Strathmore Court Homeowners' Association, Inc. updated a previous study to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from past costs and inquiries of licensed contractors. Funding requirements consider an annual inflation rate and an interest rate of 3 percent.

The following table is based on the updated study and presents significant information about the components of common property.

<u>Component</u>	<u>Estimated Remaining Useful lives (Years)</u>	<u>Estimated Future Replacements Costs</u>	<u>2010 Funding Requirement</u>	<u>Components of Fund Balance at Dec. 31, 2009</u>
Clubhouse:				
Furniture and equipment	6-16	\$ 53,900	\$ 3,875	\$ 25,325
Roofing, flooring, painting	2-24	23,000	1,477	9,048
HVAC	2-12	28,180	1,352	21,470
Parking lot and entrance	2-4	70,000	4,000	24,000
Parking lot and repair	4	15,000	1,500	7,000
Propane tank system	3	5,000	500	9,000
Clubhouse renovation	18	72,600	5,280	26,480
Lighting repairs and replace	9	10,500	-	5,000
Pool:				
Marbleization	3	32,000	4,000	18,000
Coping, resurfacing, concrete	17	159,000	8,320	43,156
Machinery and equipment	0-8	44,000	3,338	16,676
Fencing	19	9,500	-	-
Children's play area:				
Sand area and ties	0	5,000	500	500
Equipment	8	20,000	1,545	11,045
Basketball court repair	5	5,000	500	5,000
Basketball court replace.	3-8	40,000	9,000	27,000
Tennis court:				
Repaving and posts	2-4	33,100	1,860	19,540
Fence	0	13,000	1,000	3,000
Tennis court repair	3	3,000	1,000	3,000
Maintenance shops:				
Roofing, doors, fencing	3-23	10,700	610	5,680
Signs	0	6,000	300	3,300
Capital improvement fund:				
Pool replacement	4-7	750,000*	8,859	98,896
Driveway replacement	9	580,000	66,000	51,829
		<u>\$1,988,480</u>	<u>\$ 124,816</u>	<u>\$ 433,945</u>

*Possible special assessment

See Auditors' report on supplemental information.