

**STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Strathmore Court Homeowners' Association, Inc. which comprise the balance sheet, as of December 31, 2019, and the related statements of revenues, expenses and changes in fund balances, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Comparative 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 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, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Strathmore Court Homeowners' Association, Inc., as of December 31, 2018 were audited by other auditors whose report dated March 15, 2019 expressed an unmodified opinion on those statements. The summarized comparative information is presented herein.

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 PLLC
Nesconset, New York
April 6, 2020

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019		2018	
	Operating Fund	Reserve Fund	Total	Total
Assets				
Assets				
Cash and Cash Equivalents	\$216,470	\$228,880	\$445,350	\$300,394
Mutual Fund Investments	-0-	526,321	526,321	502,804
Homeowners Receivables, Net (Note 5)	30,771	-0-	30,771	36,166
Prepaid expenses	4,868	-0-	4,868	4,281
Furniture, Fixtures and Equipment, Net (Note 6)	-0-	39,059	39,059	46,670
Total Assets	<u>252,109</u>	<u>794,260</u>	<u>1,046,369</u>	<u>890,315</u>
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	20,316	-0-	20,316	17,059
Prepaid Owners Assessments	21,662	-0-	21,662	13,779
Total Liabilities	<u>41,978</u>	<u>-0-</u>	<u>41,978</u>	<u>30,838</u>
Fund Balance				
Operating Fund Balance	210,131	-0-	210,131	(4,180)
Reserve Fund Balance	-0-	836,644	836,644	914,549
Accumulated Other Comprehensive Income:				
Net Unrealized Loss on Investments	-0-	(42,384)	(42,384)	(50,892)
Total Fund Balance	<u>210,131</u>	<u>794,260</u>	<u>1,004,391</u>	<u>859,477</u>
Total Liabilities and Fund Balance	<u>\$252,109</u>	<u>\$794,260</u>	<u>\$1,046,369</u>	<u>\$890,315</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Revenue				
Common Charge	\$ 957,019	\$ 99,000	\$1,056,019	\$1,015,163
Legal Fee Recovery	53,148	-0-	53,148	64,145
Clubhouse Rental and Other	19,515	-0-	19,515	33,528
Interest and Dividend Income	-0-	16,628	16,628	16,617
Total Revenue	<u>1,029,682</u>	<u>115,628</u>	<u>1,145,310</u>	<u>1,129,453</u>
Operating Expenses				
Community Maintenance Expenses	506,092	6,850	512,942	532,426
Clubhouse Expenses	64,497	761	65,258	68,687
Pool and Recreation	55,149	-0-	55,149	49,486
General and Administrative	215,581	-0-	215,581	275,946
Total Expenses	<u>841,319</u>	<u>7,611</u>	<u>848,930</u>	<u>926,545</u>
Excess of Revenues over Expenses Before Major Repairs and Replacements	<u>188,363</u>	<u>108,017</u>	<u>296,380</u>	<u>202,908</u>
Major Repairs and Replacements	<u>-0-</u>	<u>159,974</u>	<u>159,974</u>	<u>100,492</u>
Net Income/(Loss)	<u>188,363</u>	<u>(51,957)</u>	<u>136,406</u>	<u>102,416</u>
Other Comprehensive Income				
Unrealized Gain/(Loss)	<u>-0-</u>	<u>8,508</u>	<u>8,508</u>	<u>(13,027)</u>
Comprehensive Income/(Loss)	188,363	(43,449)	144,914	89,389
Fund Balance, Beginning of Year	(4,180)	863,657	859,477	770,088
Interfund Transfers	<u>25,948</u>	<u>(25,948)</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance, End of Year	<u>\$ 210,131</u>	<u>\$ 794,260</u>	<u>\$1,004,391</u>	<u>\$ 859,477</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Community Maintenance Expenses				
Grounds Maintenance				
Landscaping Contract	\$ 195,000	-0-	195,000	205,000
Chemical Contract	41,543	-0-	41,543	41,543
Grounds Tree Removal	21,215	-0-	21,215	26,396
Land Recovery	11,835	-0-	11,835	-0-
Seed, Soil and Other Supplies	9,058	-0-	9,058	-0-
Front Entrance Landscape	1,070	-0-	1,070	-0-
Storm Clean Up	-0-	-0-	-0-	14,425
Depreciation	-0-	6,850	6,850	4,430
Common Area Maintenance				
Sprinkler and Irrigation System	97,490	-0-	97,490	96,875
Payroll - Staff	57,284	-0-	57,284	58,218
Water	54,247	-0-	54,247	56,127
Roofing, Siding and Other Repairs	8,824	-0-	8,824	7,521
Payroll Taxes and Related Costs	5,643	-0-	5,643	5,047
Truck, Gas and Repairs	1,035	-0-	1,035	2,088
Sealing Driveways	-0-	-0-	-0-	13,578
Small Tools	108	-0-	108	932
Propane	1,615	-0-	1,615	-0-
Inspection Survey	125	-0-	125	180
Electric	-0-	-0-	-0-	66
Total Community Maintenance Expenses	506,092	6,850	512,942	532,426
Clubhouse Expenses				
Utilities				
Electric	14,814	-0-	14,814	14,502
Gas	7,284	-0-	7,284	9,518
Cable	1,895	-0-	1,895	1,975
Repairs and Maintenance				
Alarm Monitoring and Electric	16,361	-0-	16,361	12,945
Cleaning Supplies	9,155	-0-	9,155	13,477
Refuse Removal	3,810	-0-	3,810	3,496
Exercise Equipment	3,579	-0-	3,579	2,034
Snow Removal	2,875	-0-	2,875	5,600
Plumbing, Heating and Air	2,511	-0-	2,511	1,251

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Conditioning				
Exterminating	695	-0-	695	1,375
Carpentry	750	-0-	750	70
Roof	250	-0-	250	1,199
Game Room	518	-0-	518	253
Gate System	-0-	-0-	-0-	500
Depreciation	-0-	761	761	492
Total Clubhouse Expenses	64,497	761	65,258	68,687
				Pool and Recreation
Materials, Supplies and Other	50,057	-0-	50,057	46,709
Minor Repairs	2,323	-0-	2,323	174
Licenses, Permits & Fees	1,950	-0-	1,950	1,950
Committee	819	-0-	819	56
Social Activity	-0-	-0-	-0-	597
Total Pool and Recreation	55,149	-0-	55,149	49,486
				General and Administrative
Management	61,500	-0-	61,500	66,000
Legal	55,135	-0-	55,135	72,852
Insurance	31,403	-0-	31,403	39,835
Stationery, Printing and Office	11,067	-0-	11,067	9,282
Audit and Accounting	7,000	-0-	7,000	5,800
Income Tax	4,671	-0-	4,671	3,519
Computer Supplies and Internet	2,046	-0-	2,046	3,026
Postage	1,518	-0-	1,518	2,367
Telephone	1,439	-0-	1,439	1,439
Auto and Travel	1,320	-0-	1,320	1,573
Repair and Maintenance - Equipment	652	-0-	652	-0-
Miscellaneous	425	-0-	425	525
Dues and Permits	32	-0-	32	32
Bank Service Charges	25	-0-	25	-0-
Bad Debt Expense	37,348	-0-	37,348	69,696
Total General and Administrative	215,581	-	215,581	275,946
Total Expenses	841,319	7,611	848,930	926,545

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>			<u>2018</u>
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Major Repairs and Replacements				
Concrete Repairs	-0-	52,225	52,225	-0-
Asphalt Driveways	-0-	42,225	42,225	-0-
Tennis/Basketball Court	-0-	26,500	26,500	-0-
Furniture and Equipment	-0-	15,203	15,203	-0-
Sealing Project	-0-	12,557	12,557	91,727
Outdoor Signs	-0-	6,919	6,919	-0-
Cameras	-0-	4,345	4,345	-0-
Fire Alarm	-0-	-0-	-0-	8,765
Total Major Repairs and Replacements	\$ -0-	\$159,974	\$159,974	\$100,492

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018
	Operating Fund	Reserve Fund	Total	Total
Cash Flows from Operating Activities				
Comprehensive Income/(Loss)	\$188,363	\$(43,449)	\$144,914	\$89,389
Adjustments to Reconcile Comprehensive Income to Net Cash				
Provided by Operating Activities				
Depreciation (Increase)/Decrease in:	-0-	7,611	7,611	4,922
Homeowners' Receivables, Net	5,395	-0-	5,395	(10,222)
Prepaid Expenses	(587)	-0-	(587)	2,822
Due to/from Fund Increase/(Decrease):	(131,997)	131,997	-0-	-0-
Accounts Payable	3,257	-0-	3,257	(3,776)
Prepaid Owners Assessments	7,883	-0-	7,883	7,271
Net Cash Provided By/(Used In) Operating Activities	72,314	96,159	168,473	90,406
Cash Flows From Investing Activities				
Purchase of Equipment	-0-	-0-	-0-	(7,452)
Investment Income	-0-	(23,517)	(23,517)	(2,192)
Net Cash Used In Investing Activities	-0-	(23,517)	(23,517)	(9,644)
Cash Flows From Financing Activities				
Interfund Transfers	25,948	(25,948)	-0-	-0-
Net Cash Provided By/(Used In) Financing Activities	25,948	(25,948)	-0-	-0-

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>			<u>2018</u>
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Increase in Cash and Cash Equivalents	98,262	46,694	144,956	80,762
Cash and Cash Equivalents, Beginning of Year	118,208	182,186	300,394	216,632
Cash and Cash Equivalents, End of Year	\$216,470	\$228,880	\$445,350	\$300,394
Supplemental Information:				
Income Taxes Paid	\$ 4,671	\$ -0-	\$ 4,671	\$ 3,519

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

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 2019 and 2018 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 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 an 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

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, 2019. 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.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2 – Summary of Significant Accounting Policies (continued)
Income Taxes (continued)

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.

Reclassifications

Certain changes were made the 2018 financial statements to conform to the classifications used in 2019. These reclassifications had no effect on the financial position or results of operations of the Association for 2018.

Note 3 – Concentration of Credit 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, 2019 the amounts of cash in excess of insured amounts equaled \$ 0.

Note 4 – Fair Value Measurements 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.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4 – Fair Value Measurements and Disclosure (continued)

- 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 Association's financial assets measured at fair value on a recurring basis as of December 31, 2019 and 2018 classified by fair value hierarchy:

<u>Asset Category</u>	Level 1	Level 2	Level 3	Total
<u>2019</u>				
<u>Available for Sale:</u>				
Short-Term Bond Fund	\$ <u>526,321</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>526,321</u>
<u>2018</u>				
<u>Available for Sale:</u>				
Short-Term Bond Fund	\$ <u>502,804</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>502,804</u>
<u>2019</u>				
Total Cost- December 31,	\$ 502,804	\$ 553,696		
Accumulated Unrealized (Loss)	<u>(42,384)</u>	<u>(50,892)</u>		
Fair Market Value-December 31,	<u>\$ 526,321</u>	<u>\$ 502,804</u>		

Note 5 – Assessments Receivable

Assessments receivable consists of delinquent amounts due from residents at the balance sheet date. As of December 31, 2019, and 2018, assessments receivable were \$255,422 and \$223,470, respectively. There is an allowance for doubtful accounts of \$224,651 and \$187,304 at December 31, 2019 and 2018, respectively.

December 2019 and 2018, prepaid maintenance fees were \$21,662 and \$13,779, respectively.

Note 6 – Investing Activities

Investing activities shown on the statements of cash flows consist of the following:

	<u>2019</u>	<u>2018</u>
Interest & Dividend Income in Mutual Funds	\$ (15,009)	\$ (15,219)
Unrealized (Gain)/Loss in Mutual Funds	<u>(8,508)</u>	<u>13,027</u>
	<u>\$ (23,517)</u>	<u>\$ (2,192)</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 7 – Furniture, Fixtures and Equipment

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

	<u>2019</u>	<u>2018</u>
Furniture, fixtures and Equipment	\$ 151,000	\$ 151,000
Less: accumulated depreciation	<u>111,941</u>	<u>104,330</u>
	<u>\$ 39,059</u>	<u>\$ 46,670</u>

Depreciation expense for 2019 and 2018 was \$7,611 and \$4,922, respectively.

Note 8 - 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 a \$15 and \$10 monthly fee increase of the 2019 and 2018 common charges, respectively.

Common fund contributions were \$78,000 and 78,000 for December 31, 2019 and 2018, respectively.

Project fund contributions were \$21,000 and \$21,000 for December 31, 2019 and 2018., respectively.

Note 9 - 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, 2019, 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, 2019. 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.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 10 – 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.

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 11 – 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 12 – Commitments and Contingencies

For the year ended December 31, 2019, the Association was obligated under the following annual contracts:

<u>Contract Type</u>	<u>Annual Amount</u>
Landscaping	\$ 175,000
Sprinkler	93,000
Management	61,500
Pool	50,000
Lawn Chemical	32,200
Audit	7,000

Note 13 – Date of Management's 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 April 6, 2020, 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, 2019

	2019 Budget (unaudited)	2019 Actual	Variance Favorable/(Unfavorable) (unaudited)
Revenue			
Common Charge	\$1,056,000	\$1,056,019	\$ 19
Legal Fee Recovery	10,000	53,148	43,148
Clubhouse Rental and Other	21,400	19,515	(1,885)
Interest and Dividend Income	7,000	16,628	9,628
Total Revenue	<u>1,094,400</u>	<u>1,145,310</u>	<u>50,910</u>

Expenses

Community Maintenance Expenses

Grounds Maintenance

Landscaping Contract	194,000	195,000	(1,000)
Chemical Contract	40,300	41,543	(1,243)
Grounds Tree Removal	50,000	21,215	28,785
Land Recovery	8,000	11,835	(3,835)
Seed, Soil and Other Supplies	11,000	9,058	1,942
Front Entrance Landscape	2,000	1,070	930
Debris Removal	14,000	-0-	14,000
Seasonal Plantings	2,000	-0-	2,000
Gas-HVAC	3,000	-0-	3,000
Additional Clean-Up	10,000	-0-	10,000
Depreciation	-0-	6,850	(6,850)

Common Area Maintenance

Sprinkler and Irrigation System	110,350	97,490	12,860
Payroll - Staff	57,000	57,284	(284)
Water	55,000	54,247	753
	19		

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENSES
BUDGET AND ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (unaudited)	2019 Actual	Variance Favorable/(Unfavorable) (unaudited)
Roofing, Siding and Other Repairs	8,300	8,824	(524)
Payroll Taxes and Related Costs	7,500	5,643	1,857
Truck, Gas and Repairs	1,000	1,035	(35)
Small Tools	100	108	(8)
Propane	3,000	1,615	1,385
Inspection Survey	300	125	175
Consumables	500	-0-	500
Electric	500	-0-	500
Total Community Maintenance Expenses	577,850	512,942	64,908

Clubhouse Expenses

Utilities

Electric	16,000	14,814	1,186
Gas	10,000	7,284	2,716
Cable	2,000	1,895	105

Repairs and Maintenance

Alarm Monitoring and Electric	15,900	16,361	(461)
Cleaning Supplies	13,100	9,155	3,945
Refuse Removal	3,800	3,810	(10)
Exercise Equipment	1,000	3,579	(2,579)
Snow Removal	5,000	2,875	2,125
Plumbing, Heating and Air Conditioning	1,600	2,511	(911)
Exterminating	1,300	695	605

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENSES
BUDGET AND ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (unaudited)	2019 Actual	Variance Favorable/(Unfavorable) (unaudited)
Carpentry	600	750	(150)
Roof	300	250	50
Game Room	400	518	(118)
Gate System	1,200	-0-	1,200
Painting	600	-0-	600
Electrical	600	-0-	600
Finger Print System	1,600	-0-	1,600
Depreciation	-0-	761	(761)
Total Clubhouse Expenses	<u>75,000</u>	<u>65,258</u>	<u>9,742</u>

Pool and Recreation

Materials, Supplies and Other	47700	50057	(2,357)
Minor Repairs	1500	2323	(823)
Licenses, Permits & Fees	900	1950	(1,050)
Committee	6000	819	5,181
Total Pool and Recreation	<u>56,100</u>	<u>55,149</u>	<u>951</u>

General and Administrative

Management	66,000	61,500	4,500
Legal	65,000	55,135	9,865
Insurance	54,000	31,403	22,597
Stationery, Printing and Office	10,900	11,067	(167)
Audit and Accounting	8,000	7,000	1,000
Income Tax	7,500	4,671	2,829

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
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	2019 Budget (unaudited)	2019 Actual	Variance Favorable/(Unfavorable) (unaudited)
Computer Supplies and Internet	3,500	2,046	1,454
Postage	3,500	1,518	1,982
Telephone	1,500	1,439	61
Auto and Travel	1,600	1,320	280
Repair and Maintenance - Equipment	1,300	652	648
Miscellaneous	800	425	375
Dues and Permits	300	32	268
Bank Service Charges	1,000	25	975
Advertising	500	-0-	500
Vandalism	250	-0-	250
Bad Debt/Expense	<u>75,000</u>	<u>37,348</u>	<u>37,652</u>
Total General and Administrative	<u>300,650</u>	<u>215,581</u>	<u>85,069</u>
Total Expenses	<u>1,009,600</u>	<u>848,930</u>	<u>160,670</u>
Excess of Revenues over Expenses			
Before Major Repairs and Replacements	84,800	296,380	(211,580)
Major Repairs and Replacements			
Concrete Repairs	20,000	52,225	(32,225)
Asphalt Driveways	10,000	42,225	(32,225)
Tennis/Basketball Court	-0-	26,500	(26,500)
Furniture and Equipment	2,000	15,203	(13,203)
Sealing Project	15,000	12,557	2,443

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENSES
BUDGET AND ACTUAL COMPARISON
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	2019 Budget (unaudited)	2019 Actual	Variance Favorable/(Unfavorable) (unaudited)
Outdoor Signs	-0-	6,919	(6,919)
Cameras	-0-	4,345	(4,345)
	<u>47,000</u>	<u>159,974</u>	<u>(112,974)</u>
Net Income	<u>\$ 37,800</u>	<u>\$ 136,406</u>	<u>\$ 98,606</u>