

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.

TABLE OF CONTENTS

	<u>Page #</u>
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS	
Balance Sheets	5
Statements of Revenue, Expenses and Changes in Fund Balance	6
Statements of Functional Expenses	7-10
Statements of Cash Flows	11
Notes to Financial Statements	12-16
SUPPLEMENTARY INFORMATION	17-22

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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, 2022 and 2021, 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, 2022 and 2021, 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

Catalanotto, Tartaro & Fusco CPA'S, PLLC
Nesconset, New York
March 8, 2023

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
BALANCE SHEETS
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
Assets				
Assets				
Cash and Cash Equivalents	\$ 84,576	\$ 355,778	\$ 440,354	\$ 806,466
Mutual Fund Investments	-0-	648,015	648,015	541,657
Homeowners Receivables, Net (Note 5)	39,657	-0-	39,657	65,514
Prepaid expenses	4,733	-0-	4,733	4,334
Furniture, Fixtures and Equipment, Net (Note 6)	-0-	21,317	21,317	26,859
Total Assets	<u>128,966</u>	<u>1,025,110</u>	<u>1,154,076</u>	<u>1,444,830</u>
Liabilities And Fund Balance				
Liabilities				
Accounts Payable	25,728	4,251	29,979	89,402
Prepaid Owners Assessments	16,367	-0-	16,367	9,008
Total Liabilities	<u>42,095</u>	<u>4,251</u>	<u>46,346</u>	<u>98,410</u>
Fund Balance				
Operating Fund Balance	86,871	-0-	86,871	119,014
Reserve Fund Balance	-0-	1,135,078	1,135,078	1,277,642
Accumulated Other Comprehensive Income:				
Net Unrealized Loss on Investments	-0-	(114,219)	(114,219)	(50,236)
Total Fund Balance	<u>86,871</u>	<u>1,020,859</u>	<u>1,107,730</u>	<u>1,346,420</u>
Total Liabilities and Fund Balance	<u>\$ 128,966</u>	<u>\$1,025,110</u>	<u>\$1,154,076</u>	<u>\$1,444,830</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Common Charge	\$ 900,000	\$ 156,000	\$1,056,000	\$1,056,000
Legal Fee Recovery	34,996	-0-	34,996	28,099
Interest and Dividend Income	-0-	23,036	23,036	11,123
Clubhouse Rental and Other	7,982	-0-	7,982	9,588
Total Revenue	<u>942,978</u>	<u>179,036</u>	<u>1,122,014</u>	<u>1,104,810</u>
Operating Expenses				
Community Maintenance Expenses	651,423	4,988	656,411	600,256
Clubhouse Expenses	88,484	554	89,038	84,175
Pool and Recreation	69,802	-0-	69,802	57,394
General and Administrative	154,026	-0-	154,026	157,214
Total Expenses	<u>963,735</u>	<u>5,542</u>	<u>969,277</u>	<u>899,039</u>
Excess of Revenues over Expenses Before Major Repairs and Replacements	(20,757)	173,494	152,737	205,771
Major Repairs and Replacements	<u>40,909</u>	<u>287,081</u>	<u>327,990</u>	<u>102,934</u>
Net Income/(Loss)	<u>(61,666)</u>	<u>(113,587)</u>	<u>(175,253)</u>	<u>102,837</u>
Other Comprehensive Income				
Unrealized Gain/(Loss)	<u>-0-</u>	<u>(63,437)</u>	<u>(63,437)</u>	<u>(7,352)</u>
Comprehensive Income/(Loss)	(61,666)	(177,024)	(238,690)	95,485
Fund Balance, Beginning of Year	119,014	1,227,406	1,346,420	1,250,935
Net Transfers Between Funds	29,523	(29,523)	-0-	-0-
Fund Balance, End of Year	<u>\$ 86,871</u>	<u>\$1,020,859</u>	<u>\$1,107,730</u>	<u>\$1,346,420</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
Community Maintenance Expenses				
Grounds Maintenance				
Landscaping Contract	\$ 205,000	-0-	\$ 205,000	\$ 195,000
Chemical Contract	52,072	-0-	52,072	40,246
Grounds Tree Removal & Pruning	41,821	-0-	41,821	17,923
Seed, Soil and Other Supplies	-0-	24,500	24,500	16,500
Additional Clean-Up	19,000	-0-	19,000	10,000
Depreciation	-0-	4,988	4,988	5,176
Seasonal Plantings	2,018	-0-	2,018	-0-
Debris Removal	1,966	-0-	1,966	2,134
Land Recovery	-0-	-0-	-0-	4,750
Front Entrance Landscape	-0-	-0-	-0-	2,190
Common Area Maintenance				
Sprinkler and Irrigation System	110,859	-0-	110,859	115,761
Water	99,907	-0-	99,907	92,293
Payroll - Staff	65,700	-0-	65,700	60,260
Roofing, Siding and Other Repairs	18,440	-0-	18,440	28,157
Payroll Taxes and Related Costs	6,781	-0-	6,781	6,738
Propane	2,260	-0-	2,260	2,038
Truck, Gas and Repairs	804	-0-	804	419
Inspection Survey	184	-0-	184	-0-
Small Tools	111	-0-	111	671
Total Community Maintenance Expenses	626,923	29,488	656,411	600,256

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
Clubhouse Expenses				
Utilities				
Electric	19,989	-0-	19,989	11,554
Gas	6,653	-0-	6,653	7,410
Cable	1,741	-0-	1,741	1,635
Repairs and Maintenance				
Alarm Monitoring and Electric	19,640	-0-	19,640	18,518
Cleaning Supplies	12,877	-0-	12,877	9,067
Power washing	8,295	-0-	8,295	-0-
Refuse Removal	6,097	-0-	6,097	3,950
Snow Removal	6,000	-0-	6,000	7,250
Exercise Equipment	3,368	-0-	3,368	1,298
Fingerprint System	2,549	-0-	2,549	4,970
Exterminating	652	-0-	652	869
Depreciation	-0-	554	554	575
Plumbing, Heating and Air Conditioning	377	-0-	377	14,702
Electrical - Street Light	246	-0-	246	-0-
Carpentry	-0-	-0-	-0-	1,039
Game Room	-0-	-0-	-0-	934
Roof	-0-	-0-	-0-	404
Total Clubhouse Expenses	88,484	554	89,038	84,175

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
	Pool and Recreation			
Materials, Supplies and Other	65,833	-0-	65,833	56,850
Minor Repairs	2,200	-0-	2,200	544
Licenses, Permits & Fees	1,300	-0-	1,300	-0-
Committee	469	-0-	469	-0-
Total Pool and Recreation	69,802	-0-	69,802	57,394
	General and Administrative			
Management	60,000	-0-	60,000	60,000
Legal	39,873	-0-	39,873	41,737
Insurance	32,624	-0-	32,624	30,718
Stationery, Printing and Office	12,861	-0-	12,861	9,885
Computer Supplies and Internet	9,346	-0-	9,346	6,200
Audit and Accounting	7,350	-0-	7,350	7,000
Damages Paid	5,084	-0-	5,084	747
Income Tax	4,305	-0-	4,305	5,768
Telephone	2,439	-0-	2,439	1,439
Auto and Travel	1,456	-0-	1,456	1,508
Postage	1,271	-0-	1,271	-0-
Vandalism	1,161	-0-	1,161	-0-
Miscellaneous	500	-0-	500	611
Dues and Permits	40	-0-	40	40
Bank Service Charges	35	-0-	35	35
Bad Debt (Recovery)/Expense	(24,319)	-0-	(24,319)	(8,474)
Total General and Administrative	154,026	-0-	154,026	157,214
Total Expenses	939,235	30,042	969,277	899,039

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
	Operating Fund	Reserve Fund	Total	Total
Major Repairs and Replacements				
Clubhouse Renovation & Bocce Court	-0-	244,555	244,555	21,453
Concrete Repairs	-0-	42,526	42,526	-0-
Sealing Project	22,159	-0-	22,159	15,387
Asphalt Driveways	18,750	-0-	18,750	50,620
Large Tree Pruning	-0-	-0-	-0-	10,974
Maint Shop	-0-	-0-	-0-	4,500
Total Major Repairs and Replacements	\$ 40,909	\$ 287,081	\$ 327,990	\$ 102,934

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021
	Operating Fund	Reserve Fund	Total	Total
Cash Flows from Operating Activities				
Comprehensive Income/(Loss)	\$(61,666)	\$(177,024)	\$(238,690)	\$ 95,485
Adjustments to Reconcile Comprehensive Income				
to Net Cash Provided by Operating Activities				
Depreciation (Increase)/Decrease in:	-0-	5,542	5,542	5,751
Homeowners' Receivables, Net	25,857	-0-	25,857	(1,904)
Prepaid Expenses	(399)	-0-	(399)	(186)
Increase/(Decrease):				
Accounts Payable	(63,674)	4,251	(59,423)	38,122
Prepaid Owners Assessments	7,359	-0-	7,359	(129)
Net Cash Provided By/(Used In) Operating Activities	<u>(92,523)</u>	<u>(167,231)</u>	<u>(259,754)</u>	<u>137,139</u>
Cash Flows from Investing Activities				
Purchases of Mutual Funds	-0-	(169,795)	(169,795)	(10,542)
Unrealized Losses/(Gains)	-0-	63,437	63,437	7,352
Net Transfers Between Funds	29,523	(29,523)	-0-	-0-
Net Cash Used In Investing Activities	<u>29,523</u>	<u>(135,881)</u>	<u>(106,358)</u>	<u>(3,190)</u>
Increase/(Decrease) in Cash and Cash Equivalents	(63,000)	(303,112)	(366,112)	133,949
Cash and Cash Equivalents, Beginning of Year	147,576	658,890	806,466	672,517
Cash and Cash Equivalents, End of Year	<u>\$ 84,576</u>	<u>\$ 355,778</u>	<u>\$ 440,354</u>	<u>\$806,466</u>
Supplemental Information:				
Income Taxes Paid	\$ 4,305	\$ -0-	\$ 4,305	\$ 5,768

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 2022 and 2021 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.

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

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Member Assessments (Continued)

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, 2022. 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.

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

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 NOTES TO THE FINANCIAL STATEMENT
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 – CONCENTRATION OF RISK(CONTINUED)

not exposed to any significant credit risk to cash. At December 31, 2022 and 2021 the amounts of cash in excess of insured amounts equaled \$105,778 and \$292,686, 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, 2022 and 2021 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>2022</u>	
<u>Available for Sale:</u>				
Short-Term Municipal Bond Fund	<u>\$ 648,015</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 648,015</u>
			<u>2021</u>	
<u>Available for Sale:</u>				
Short-Term Municipal Bond Fund	<u>\$ 541,657</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 541,657</u>
			<u>2022</u>	<u>2021</u>
Total Cost - December 31,			\$ 762,479	\$ 591,891
Accumulated Unrealized (Loss)			<u>(114,464)</u>	<u>(50,234)</u>
Fair Market Value - December 31,			<u>\$ 648,015</u>	<u>\$ 541,657</u>

NOTE 5 – ASSESSMENTS' RECEIVABLE

Assessments' receivable consists of delinquent amounts due from residents at the balance sheet date. As of December 31, 2022 and 2021, assessments receivable were \$89,698 and \$119,128, respectively. There is an allowance for doubtful accounts of \$50,041 and \$53,614 at December 31, 2022 and 2021, respectively.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 NOTES TO THE FINANCIAL STATEMENT
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 – FURNITURE, FIXTURES AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Furniture, Fixtures and Equipment	\$ 151,000	\$ 151,000
Less: Accumulated Depreciation	(129,683)	(124,141)
	\$ 21,317	\$ 26,859

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 2022 and 2021 common charges.

Common fund contributions were \$120,000 and \$270,000 for December 31, 2022 and 2021, respectively.

Project fund contributions were \$36,000 for each year ending, December 31, 2022 and 2021.

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.

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.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022, 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	60,830
Lawn Chemical	42,258
Audit	7,350

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 8, 2023, 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, 2022

	Budget	Actual	Variance
	(unaudited)		Favorable/(Unfavorable)
			(unaudited)
Revenue			
Common Charge	\$1,113,000	\$ 1,056,000	\$ (57,000)
Legal Fee Recovery	10,000	34,996	24,996
Interest and Dividend Income	7,000	23,036	16,036
Clubhouse Rental and Other	21,400	7,982	(13,418)
Total Revenue	<u>1,151,400</u>	<u>1,122,014</u>	<u>(29,386)</u>

Expenses

Community Maintenance Expenses

Grounds Maintenance

Landscaping Contract	194,000	205,000	(11,000)
Chemical Contract	40,300	52,072	(11,772)
Grounds Tree Removal & Pruning	50,000	41,821	8,179
Seed, Soil and Other Supplies	11,000	24,500	(13,500)
Additional Clean-Up	10,000	19,000	(9,000)
Depreciation	-0-	4,988	(4,988)
Seasonal Plantings	2,000	2,018	(18)
Debris Removal	14,000	1,966	12,034
Land Recovery	8,000	-0-	8,000
Front Entrance Landscape	2,000	-0-	2,000
Gas-HVAC	3,000	-0-	3,000

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUE AND EXPENSES
 BUDGET AND ACTUAL COMPARISON
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance Favorable/(Unfavorable)
	(unaudited)		(unaudited)
Community Maintenance Expenses			
Common Area Maintenance			
Sprinkler and Irrigation System	110,350	110,859	(509)
Water	55,000	99,907	(44,907)
Payroll - Staff	57,000	65,700	(8,700)
Roofing, Siding and Other Repairs	8,300	18,440	(10,140)
Payroll Taxes and Related Costs	7,500	6,781	719
Propane	3,000	2,260	740
Truck, Gas and Repairs	1,000	804	196
Inspection Survey	300	184	116
Small Tools	100	111	(11)
Consumables	500	-0-	500
Maint Building Electric	500	-0-	500
Total Community Maintenance Expenses	577,850	656,411	(78,561)

Clubhouse Expenses

Utilities

Electric	15,000	19,989	(4,989)
Gas	8,000	6,653	1,347
Cable	2,000	1,741	259

Repairs and Maintenance

Alarm Monitoring and Electric	15,900	19,640	(3,740)
Cleaning Supplies	13,100	12,877	223

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUE AND EXPENSES
 BUDGET AND ACTUAL COMPARISON
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance
	(unaudited)		Favorable/(Unfavorable)
			(unaudited)
Power Washing	-0-	8,295	(8,295)
Refuse Removal	3,800	6,097	(2,297)
Snow Removal	5,000	6,000	(1,000)
Exercise Equipment	1,000	3,368	(2,368)
Fingerprint System	1,600	2,549	(949)
Exterminating	1,300	652	648
Depreciation	-0-	554	(554)
Plumbing, Heating and Air Conditioning	1,600	377	1,223
Electrical	1,600	246	1,354
Carpentry	600	-0-	600
Game Room	400	-0-	400
Roof	300	-0-	300
Gate System	1,200	-0-	1,200
Painting	600	-0-	600
Total Clubhouse Expenses	73,000	89,038	(16,038)

Pool and Recreation

Materials, Supplies and Other	47,700	65,833	(18,133)
Minor Repairs	1,500	2,200	(700)
Licenses, Permits & Fees	900	1,300	(400)
Committee	6,000	469	5,531
Furniture and Equipment	2,000	-0-	2,000

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUE AND EXPENSES
 BUDGET AND ACTUAL COMPARISON
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	Actual	Variance
	(unaudited)		Favorable/(Unfavorable)
			(unaudited)
Total Pool and Recreation	58,100	69,802	(11,702)

General and Administrative

Management	66,000	60,000	6,000
Legal	65,000	39,873	25,127
Insurance	54,000	32,624	21,376
Stationery, Printing and Office	7,000	12,861	(5,861)
Computer Supplies and Internet	3,500	9,346	(5,846)
Audit and Accounting	8,000	7,350	650
Damages Paid	1,300	5,084	(3,784)
Income Tax	7,500	4,305	3,195
Telephone	1,500	2,439	(939)
Auto and Travel	1,600	1,456	144
Postage	3,500	1,271	2,229
Vandalism	250	1,161	(911)
Miscellaneous	800	500	300
Dues and Permits	300	40	260
Bank Service Charges	1,000	35	965
Bad Debt (Recovery)/Expense	60,000	(24,319)	84,319
Repair and Maintenance - Equipment	3,500	-0-	3,500
Equipment Purchases	1,200	-0-	1,200
Advertising	500	-0-	500

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUE AND EXPENSES
 BUDGET AND ACTUAL COMPARISON
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	Actual	Variance Favorable/(Unfavorable) (unaudited)
Total General and Administrative	286,450	154,026	132,424
Total Expenses	995,400	969,277	26,123
Excess of Revenues over Expenses	156,000	152,737	(3,263)
Major Repairs and Replacements			
Clubhouse Renovation & Bocce Court	100,000	244,555	(144,555)
Concrete Repairs	20,000	42,526	(22,526)
Sealing Project	15,000	22,159	(7,159)
Asphalt Driveways	10,000	18,750	(8,750)
Large Tree Pruning	50,000	-0-	50,000
Arborist Report	5,000	-0-	5,000
	<u>200,000</u>	<u>327,990</u>	<u>(127,990)</u>
Net Income	<u>\$ (44,000)</u>	<u>\$ (175,253)</u>	<u>\$ (131,253)</u>