

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Round Hill Association, Inc.  
Fishkill, New York 12524

Management is responsible for the accompanying financial statements of Round Hill Association, Inc., (a Homeowners Association) which comprise the statement of assets, liabilities, and members' equity—modified cash basis as of September 30, 2019 and the related statements of revenues and expenses—modified cash basis, changes in members' equity—modified cash basis, and cash flows—modified cash basis for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information contained in Schedule I 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. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Management has omitted supplementary information about future major repairs and replacements of commons property that the accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

November 26, 2019

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
STATEMENT OF ASSETS, LIABILITIES, AND MEMBERS' EQUITY – MODIFIED CASH BASIS  
SEPTEMBER 30, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 582,469	
TOTAL CURRENT ASSETS		\$ 582,469

FIXED ASSETS

Land Improvements	1,945,468	
Fences	57,815	
Vehicles	47,460	
Furniture, Fixtures, and Equipment	<u>160,629</u>	
	2,211,372	
Less: Accumulated Depreciation	<u>1,001,283</u>	
NET FIXED ASSETS		<u>1,210,089</u>

TOTAL ASSETS		<u>\$ 1,792,558</u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 47,893	
Payroll Taxes Payable	2,542	
Current Portion of Long-Term Debt	<u>54,802</u>	
		105,237

LONG-TERM LIABILITIES

Notes Payable less Current Portion	<u>\$ 583,295</u>	
		583,295

MEMBERS' EQUITY – UNRESTRICTED		<u>1,104,026</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY		<u>\$ 1,792,558</u>
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See independent accountant's compilation report and notes to financial statements.

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
STATEMENT OF REVENUES AND EXPENSES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>REVENUES</u>		
Dues	\$ 529,269	
TOTAL REVENUES		\$ 529,269
OPERATING EXPENSES		
		<u>458,751</u>
INCOME FROM OPERATIONS		70,518
<u>OTHER INCOME &amp; EXPENSES</u>		
Interest Income	<u>9,723</u>	
TOTAL OTHER INCOME		<u>9,723</u>
INCOME BEFORE PROVISION FOR INCOME TAXES		80,241
PROVISION FOR INCOME TAXES		<u>1,043</u>
NET INCOME		<u><u>\$ 79,198</u></u>

See independent accountant's compilation report and notes to financial statements.

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
STATEMENT OF CHANGES IN MEMBERS' EQUITY – MODIFIED CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

BALANCE, BEGINNING OF YEAR	\$ 1,024,828
Net Income	<u>79,198</u>
BALANCE, END OF YEAR	<u><u>\$ 1,104,026</u></u>

See independent accountant's compilation report and notes to financial statements.

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income		\$ 79,198
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 83,854	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	47,893	
Payroll Taxes Payable	1,209	
TOTAL ADJUSTMENTS	132,956	
NET CASH PROVIDED BY OPERATING ACTIVITIES		212,154

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(704,743)	
NET CASH USED BY INVESTING ACTIVITIES		(704,743)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Borrowings	\$ 681,000	
Principal Payments on Debt	(42,903)	
NET CASH PROVIDED BY FINANCING ACTIVITIES	638,097	638,097

NET INCREASE IN CASH AND CASH EQUIVALENTS		145,508
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		436,961
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 582,469

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for the following:

Interest Paid	\$	32,130
Income Taxes Paid		1,043

See independent accountant's compilation report and notes to financial statements.

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

This summary of significant accounting policies of Round Hill Association, Inc., is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for their integrity and objectivity.

Business Activity

Round Hill Association, Inc. (the Association) is a statutory Homeowner's Association incorporated in the State of New York in November 1979. The Association is responsible for the operation and maintenance of the common property. The residential units are located in the Town of Fishkill, New York.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that, revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when incurred. Also, fixed assets are recorded, including related depreciation and payables, as well as accruals for payroll taxes are reported on the financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Fixed Assets

Fixed assets are carried at cost. Major additions and improvements are capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective asset, are expensed currently. When fixed assets are retired, the cost and accumulated depreciation are eliminated from the accounts with any resulting gain or loss included in income for the period or added to the book value in the case of traded assets.

See independent accountant's compilation report.



ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Depreciation

Depreciation of the fixed assets is computed on the straight-line method over the estimated useful lives of the assets, as follows:

Furniture and Equipment	5–10 years
Land Improvements and Fixtures	10–20 years

Depreciation expense for the year ended September 30, 2019 was \$83,854.

Cash and Cash Equivalents

The company considers all short-term securities with a maturity of three months or less to be cash equivalents.

Tax Status

The Association is taxed under the Internal Revenue Code Section 528 entitled "Certain Homeowners Associations." A Homeowners Association is defined as an organization which is a condominium management association or a residential real estate management association if the following exists:

- a. Such organization is organized and operated to provide for the acquisition, construction, management, maintenance, and care of associated property.
- b. 60 percent or more of the gross income of such an organization for the taxable year consists solely of amounts received as membership dues, fees or assessments from:
  1. Owners of residential units in the case of a condominium management association, or,
  2. Owners of residences or residential lots in the case of a residential real estate management association.
- c. 90 percent or more of the expenditures of the organization for the taxable year are expenditures for the acquisition, construction, management, maintenance, and care of association property.
- d. No part of the net earnings of such organization inures (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by rebate of excess membership dues, fees or assessments) to the benefit of any private shareholder or individual.

See independent accountant's compilation report.

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Tax Status (Continued)

The above outline of the Internal Revenue Code Section 528 applies to the Round Hill Association, Inc., and does not allow the association to be exempt from taxes. The taxable portion of income of the association is any amount received from sources not described in "b" above. If the Association does not fall into the above guidelines, then all income would become fully taxable.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2017, 2016 and 2015 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions, the Association believes that they are appropriate based on current facts and circumstances.

Concentration of Credit Risk

The Company occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Date of Management's Review

Subsequent events have been evaluated through November 26, 2019, the date that these financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS.

As of September 30, 2019, the Company's cash and cash equivalents balance consists of the following components:

	<u>Balance</u>
Checking Account	\$ 147,560
Money Market Accounts	85,462
Certificates of Deposit	<u>349,447</u>
TOTAL CASH	<u><u>582,469</u></u>

NOTE 3. INCOME TAXES.

During the year ended September 30, 2019, the Company paid New York State income tax in the amount of \$1,043 and did not pay any federal income tax.

See independent accountant's compilation report.

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE 4. LONG-TERM LIABILITIES.

Note payable to Hudson Valley Federal Credit Union dated November 6, 2018, collateralized and payable in 120 monthly installments of \$7,503, including principal and interest at 5.75% beginning December 6, 2018.

Total Balance at September 30, 2019	\$ 638,097
Less: Current Portion	<u>54,802</u>
Long-Term Portion	<u><u>\$ 583,295</u></u>

The following is a schedule of future payments required under the terms of the notes payable as of September 30, 2019:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 54,802
2021	58,038
2022	61,464
2023	65,093
2024	68,936
2025-2029	<u>329,764</u>
	<u><u>\$ 638,097</u></u>

See independent accountant's compilation report.

ROUND HILL ASSOCIATION, INC.  
FISHKILL, NEW YORK  
SCHEDULE I – OPERATING EXPENSES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

GROUNDS

Snow Plowing	\$ 73,614	
Road Cleaning	5,731	
Landscaping	14,775	
Common Areas	30,298	
Repairs	3,656	
Truck Maintenance	5,958	
TOTAL GROUNDS EXPENSES		\$ 134,032

RECREATION

Lifeguards	12,838	
Pool Service and Chemicals	7,628	
Maintenance and Repairs	5,559	
Utilities	2,192	
Miscellaneous Materials and Supplies	1,226	
Health Department	235	
TOTAL RECREATION EXPENSES		29,678

INSURANCE, TAXES AND DEPRECIATION

Insurance	15,557	
Real Estate Taxes	54,037	
Payroll Tax Expense	3,586	
Depreciation	83,854	
TOTAL INSURANCE, TAXES, AND DEPRECIATION		157,034

MANAGEMENT

Bookkeeping	13,370	
Postage	1,256	
Copying	483	
Stationary and Miscellaneous	1,467	
Meetings	100	
Telephone	1,231	
Buildings and Grounds Committee	808	
Other Operating Expense	1,563	
Interest Expense	32,130	
TOTAL MANAGEMENT EXPENSES		52,408

PROFESSIONAL FEES

Accounting Fees	6,865	
Legal Fees	1,878	
TOTAL PROFESSIONAL FEES		8,743

SANITATION

Garbage Removal	76,856	
TOTAL SANITATION EXPENSES		76,856
TOTAL OPERATING EXPENSES		\$ 458,751

See independent accountant's compilation report.