

Heritage Hills of Westchester - Condo 13

2020 Annual Reports

June 26, 2020

Dear Condo 13 Neighbors:

As was previously communicated, because of the ongoing COVID 19 pandemic, we were unable to hold our normal in-person Annual Meeting of Unit Owners.

Instead, we mailed out board election materials and asked that you vote by mail this year. Thank you for returning your proxy by mail. I'm pleased to announce that all of the candidates, Angelo Barlanti, Artie Desio, Anne Destefano, and John O'Hanlon, have been chosen to work on your behalf on the Condo 13 Board for the next three years.

Also, we indicated that we would be mailing out written committee reports in lieu of the meeting.

Included in this package are Finance, Maintenance, Landscaping and Variance 2020 reports. If you have any questions, please feel free to contact any Committee Chair or Board Member.

Also included herein is Condo 13's Audited Financial Statement for 2019, which we provide residents each year. Please retain a copy of this statement for your condo file, as you may need it if you re-finance or sell your unit.

Thank you for your support and please stay safe and healthy.

Leslie Douwes
President,
Condo 13 Board of Managers

FINANCIAL REPORT – SUBMITTED BY CONNIE DUGAN, TREASURER:

In terms of our finances, Condo 13 closed 2019 consistent with the last several years:

1. We managed expenses well-below our revenue in common charges. As a result, we added nearly \$50K to the reserve fund, bringing total Cash to over half-a-million dollars, or \$5K per condo unit.
2. In 2019, we completed the major portion of our multi-year new asphalt road project. This clears the way for our 2020 projects: drainage and electric/lighting projects. Although half of our expenses are fixed overhead in nature, such as carting and landscape, the other half of common charges is used for long-term projects which we plan several years in advance as to avoid any surprise assessments.
3. Despite financial issues brought on by the pandemic, Condo 13 residents have been good about keeping up with common charges, allowing our accounts receivable to remain relatively unchanged.
4. All-in-all, our consistent approach with an eye on long-term planning has been working for us: we've had just one common charge increase (1%) in the last several years. Thank you to our responsible community, experienced Board and to our Heritage Management Services team.

MAINTENANCE REPORT – SUBMITTED BY ARTIE DESIO, VICE PRESIDENT AND MAINTENANCE CHAIRMAN:

- (1) All Mail Boxes were replaced: project completed.
- (2) Outside Electrical closet power supply repair
 - (2a) 376A-B has been completed.
 - (2b) 382A-B Will go under repair by the end of June 2020.
 - (2c) Further unit inspections will be performed by the end of July 2020. Inspection will include any open holes unfilled by Comcast rewiring that was performed with their upgrade .
- (3) Wood Trim & Hole repairs to be started by July 2020 weather permitting.
 - (3a) List will include 2019's wood trim needed, plus up-dated trim & hole repairs HMS will be sending the list to Cedar Ridge and will add on any new repairs as the year goes on.
- (4) Major Drainage work to be started in July 2020 also weather permitting.
 - (4a) This will take place in the back of 369A,B,C & D and also between 369D & 370A across the grass to the corner storm basin, estimate came in at \$27,500.00 – this is pending Board approval.

(5) There have been some complaints of rain water spilling over already cleaned gutters. Salem will go back to remedy the problem as needed

(5a) Gutter Guards to be installed on selected units as phase two for 2020 - another ongoing project

2019 Recap Maintenance-- Project completed to finish drainage piping in cluster 375 to eliminate icing conditions plus install lighting by trash and mailboxes. \$12,000 approved unanimously (still in budget).

Repaired back pitched driveway in 365 A&B to stop rain water from running inside the garages. This repair cost was \$5,500.

Wood trim list and any other wood repairs will take place this coming 2020 year.

All Mail Boxes will be replaced this coming year 2020.

LANDSCAPING REPORT- SUBMITTED BY JOHN FAVA AND LESLIE DOUWES, LANDSCAPING COMMITTEE

We hope that residents are enjoying the Spring flowering trees that were planted in various areas in 2019. Included are redbud, ornamental pear, white dogwood and kousa dogwood. Last year's planting also included ornamental grasses, junipers, and some other shrubs.

Regular weekly mowing of lawns continues. A second more extensive spring seeding of areas throughout Condo 13 and a second application of lawn fertilizer has been completed. Let's hope that the Summer weather conditions cooperate. Lawns will be treated for grubs in mid-summer. Fall seeding will be done in September, the best time for grass seeding. It is very important for residents to water seeded areas to give seeds the best chance to germinate.

A water line leakage at 367 required a large excavation and the removal of a few plants and a portion of a stone wall. The wall has been repaired and a Fall planting scheduled for that area. We will be putting together a list for this fall's planting soon.

Sawfly larvae are seriously affecting the few Mugho Pines in Condo 13 therefore this plant will not be recommended for new or replacement planting as well as Purple-leaf Plum. It should be noted that the landscaping contract does not include spraying insecticide on shrubs.

The Landscaping Committee and Karen Jahn, our property manager, meets and communicates with our landscaping contractor on a very frequent basis. We try to respond to all residents' comments and feedback. Perhaps because this year everyone has been stuck at home, the volume of these comments is up. As a result, we are

currently in the process of requesting competitive bids for this work for the upcoming year.

Our condo has lots of property to care for and we spend significant money on it. As many of you know, we have spent a lot of time and energy managing our landscaping contractor (with sometimes mixed results), while at the same time looking for other alternatives who will provide us with good service at a reasonable cost. While we always welcome the feedback we receive about their performance, we would also welcome additional volunteers- on the Board or just interested residents.

VARIANCE REPORT – SUBMITTED BY KAREN JAHN, PROPERTY MANAGER:

Over the past year, the Board of Managers has reviewed and, in most cases, approved variance applications for numerous types of projects. These projects included window and patio door replacements, kitchen and bath remodeling and landscaping. Prior to contracting for any type of project, it is prudent to have a discussion with a neighboring board member or myself to determine if board approval is necessary.

**HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019 and 2018**

INDEPENDENT AUDITOR'S REPORT

Board of Managers Heritage Hills of Westchester Condominium 13

We have audited the accompanying financial statements of Heritage Hills of Westchester Condominium 13, which comprise the comparative balance sheets as of December 31, 2019 and 2018, and the related comparative statements of revenues, expenses, and changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of Heritage Hills of Westchester Condominium 13 as of December 31, 2018 were audited by another auditor whose report dated February 15, 2019 expressed an unqualified opinion of those 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 includes the design, implementation, and maintenance of internal control 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 from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. 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 Heritage Hills of Westchester Condominium 13 as of December 31, 2019 and 2018, 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.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed on Page 9 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Heller & Filippone, LLP

White Plains, NY

February 14, 2020

HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2019 and 2018

ASSETS

	Operating Fund	Replacement Fund	Total 2019	Total 2018
Cash - operating	\$ 100,987	\$	\$ 100,987	\$ 110,877
- savings and money market		180,071	180,071	321,217
Total cash	100,987	180,071	281,058	432,094
Certificates of deposit		202,261	202,261	
Common charges receivable	7,036		7,036	6,879
Prepaid insurance	7,868		7,868	9,447
Total assets	<u>\$ 115,891</u>	<u>\$ 382,332</u>	<u>\$ 498,223</u>	<u>\$ 448,420</u>

LIABILITIES AND FUND BALANCES

Liabilities				
Accounts payable and accrued expenses	\$ 2,300	\$	\$ 2,300	\$ 2,500
Accrued taxes	225		225	408
Prepaid common charges	8,200		8,200	6,355
Total liabilities	<u>10,725</u>		<u>10,725</u>	<u>9,263</u>
Fund balances				
Operating fund	105,166		105,166	117,940
Replacement fund		382,332	382,332	321,217
Total fund balances	<u>105,166</u>	<u>382,332</u>	<u>487,498</u>	<u>439,157</u>
Total liabilities and fund balances	<u>\$ 115,891</u>	<u>\$ 382,332</u>	<u>\$ 498,223</u>	<u>\$ 448,420</u>

See accompanying notes to financial statements.

HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEARS ENDING DECEMBER 31, 2019 and 2018

	Operating Fund	Replacement Fund	Total 2019	Total 2018
Revenues				
Common charges	\$ 461,316	\$ 53,000	\$ 514,316	\$ 508,455
Interest income		4,209	4,209	2,333
Miscellaneous income	806		806	625
Total revenues	<u>462,122</u>	<u>57,209</u>	<u>519,331</u>	<u>511,413</u>
Expenses				
Contract maintenance	162,000		162,000	157,194
Property management services	25,944		25,944	25,944
Repairs and maintenance				
Tree service and landscaping	48,640		48,640	26,027
General repairs	31,870		31,870	17,398
Drainage	6,970		6,970	4,618
Asphalt		114,221	114,221	190,996
Siding	7,677		7,677	7,140
Plumbing	13,034		13,034	
Mail boxes/trash bins	509		509	81
Roof repairs	9,899		9,899	3,184
Insurance	41,927		41,927	39,015
Utilities	2,059		2,059	2,041
Auditing	2,571		2,571	2,546
Office supplies, stationary, postage, etc.	3,444		3,444	3,198
Federal and NYS income taxes	225		225	408
Total expenses	<u>356,769</u>	<u>114,221</u>	<u>470,990</u>	<u>479,790</u>
Excess (deficiency) of revenues over expenses	105,353	(57,012)	48,341	31,623
Transfers between funds	(118,127)	118,127		
Net change in fund balances	(12,774)	61,115	48,341	31,623
Fund balances				
Beginning of year (deficit)	117,940	321,217	439,157	407,534
End of year (deficit)	<u>\$ 105,166</u>	<u>\$ 382,332</u>	<u>\$ 487,498</u>	<u>\$ 439,157</u>

See accompanying notes to financial statements

HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDING DECEMBER 31, 2019 and 2018

	Operating Fund	Replacement Fund	Total 2019	Total 2018
Cash flows from operating activities				
Net change in fund balances	\$ (12,774)	\$ 61,115	\$ 48,341	\$ 31,623
Adjustments to reconcile net change in fund balances to net cash provided (used) by operating activities				
Changes in operating assets and liabilities				
(Increase) decrease in common charges receivable	(157)		(157)	(150)
(Increase) decrease in prepaid insurance	1,579		1,579	(6,966)
Increase (decrease) in accounts payable and accrued expenses	(200)		(200)	
Increase (decrease) in accrued taxes	(183)		(183)	(68)
Increase (decrease) in prepaid common charges	1,845		1,845	1,920
Net cash provided (used) by operating activities	(9,890)	61,115	51,225	26,359
Cash flows from investing activities				
Interest earned on certificates of deposit		(2,261)	(2,261)	
Investment in certificates of deposit		(200,000)	(200,000)	
Net cash provided (used) by investing activities		(202,261)	(202,261)	
Net increase (decrease) in cash	(9,890)	(141,146)	(151,036)	26,359
Cash				
Beginning of year	110,877	321,217	432,094	405,735
End of year	\$ 100,987	\$ 180,071	\$ 281,058	\$ 432,094
Supplemental disclosure of cash flow information				
Income taxes paid			\$ 408	\$ 476

See accompanying notes to financial statements

HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
NOTES TO FINANCIAL STATEMENTS

1. Organization

Heritage Hills of Westchester Condominium 13 ("the Association") in Somers, NY, is an organization of individual condominium unit owners created by virtue of the condominium declaration filed in accordance with the provision of Article 9-B of the real property law of the State of New York, known as the Condominium Act. The affairs of the Condominium are governed by its Board of Managers which determines and assesses the 98 unit owners for common charges for the operation, care, upkeep and maintenance of common areas and facilities.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Fund Accounting

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 purposes:

Operating Fund – This fund is used to account for financial resources available for general operations of the Association.

Replacement Fund – This fund is used to account for financial resources designated for future major repairs and replacements.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association.

Common charges

Association members are subject to monthly common charges to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Common charges receivable at the balance sheet date represent fees due from unit owners. Prepaid common charges represent 2020 charges paid in 2019 and 2019 charges paid in 2018, respectively. Any excess common charges at year-end are retained by the Association for use in future years.

HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
NOTES TO FINANCIAL STATEMENTS
(continued)

2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

The Association's financial instruments that are exposed to concentration of credit risk consist primarily of cash and common charges receivable. The Association places its cash with high quality financial institutions. At times, cash balances may be in excess of the FDIC insurance limit. The Association's common charges receivable consists of amounts due from unit owners. The Association believes no significant concentration of credit risk exists with respect to its cash and common charges receivable.

3. Prior-Year Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by individual fund balances. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

4. Income Taxes

Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a homeowners' association for the years ended December 31, 2019 and 2018. Under that election, the Association is generally taxed only on non-membership income, such as interest, at a flat corporate tax rate of 30%.

5. Future Major Repairs and Replacements

The Association accumulates funds for future major repairs and replacements. Accumulated funds, which aggregate \$382,332 at December 31, 2019 and \$321,117 at December 31, 2018 are held in separate accounts and are generally not available for operating purposes. It is the Association's policy to allocate interest earned on such funds to the replacement fund. Amounts in the replacement fund for future major repairs and replacements are being accumulated based on estimated current replacement costs. Actual costs may vary from those estimates and the variations may be material. Amounts so accumulated may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to Board of Managers approval, to increase regular assessments, to levy special assessments, to borrow funds, or it may delay major repairs and replacements until funds are available.

6. Interested Directors

The New York State Business Corporation Law requires that the Board of Directors disclose to its members any contracts involving interested directors. Interested directors are those affiliated with or who have a substantial financial interest in a company who is a party to a contract with the Association. The Board represents that no actions taken during the year ended December 31, 2019 and 2018 were subject to the annual reporting requirements.

HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
NOTES TO FINANCIAL STATEMENTS
(continued)

7. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 14, 2020, the date that the financial statements were available to be issued.

HERITAGE HILLS OF WESTCHESTER CONDOMINIUM 13
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2019
(Unaudited)

The Board of Managers of the Association estimates the remaining useful lives and the replacement costs of the components of the common property to be as follows:

Common Element Component	Remaining Life	Current Estimated Total Replacement Cost As of 12/31/19	Expenditures Over Last 5 Years	Components of Fund Balance As of 12/31/19	Funds Budgeted To Be Expended During 2019
Roofs	9-14 years	\$ 400,000	\$ 19,548	\$ 80,000	\$ 10,000
Roads	4 years	655,000	525,661	129,832	3,000
Paint	6 years	400,000	279,891	140,000	
Siding & Trim	On-going	160,000	11,022	6,500	6,500
Mailboxes/Trash Bins	As needed	40,000	39,573	6,000	6,000
Drainage	As needed	20,000	90,024	20,000	20,000
				\$ 382,332	

The information contained in this supplementary information is not for public disclosure and is intended solely for the use of the unit owners of this Association.

See independent auditor's report