

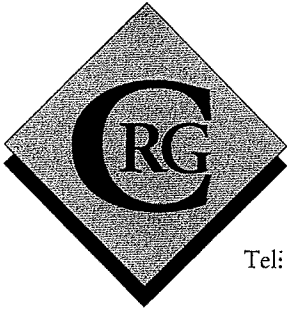
WESTBURY CONDOMINIUMS ASSOCIATION, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 1999

WESTBURY CONDOMINIUMS ASSOCIATION, INC.

CONTENTS

DECEMBER 31, 1999

	<b>PAGE</b>
Independent Auditor's Report	1
Balance Sheet	2
Statement of Revenue, Expense and Changes in Fund Balances	3
Statement of Cash Flows	4
Schedule of Expense	5
Notes to Financial Statements	6-8



# Carney, Roy and Gerrol, P.C.

*Certified Public Accountants*

35 Cold Spring Road, Suite 412 Rocky Hill, CT 06067-3164  
Tel: (860) 721-5786 Fax: (860) 721-5792 E-Mail cpas@CRandG.com

Roger D. Carney, CPA  
Thomas D. Roy, CPA  
Gregory M. Gerrol, CPA  
Susan S. Andrews, CPA

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Westbury Condominiums Association, Inc.  
West Hartford, Connecticut

We have audited the accompanying balance sheet of Westbury Condominiums Association, Inc., as of December 31, 1999, and the related statement of revenue, expense and changes in fund balances, statement of cash flows, and schedule of expense for the year then ended. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Budget amounts were provided by the Board of Directors and have not been audited by us. These amounts are presented on the schedule of expense for comparison only.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westbury Condominiums Association, Inc., at December 31, 1999 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 10, the association has not estimated the remaining useful lives and replacement costs of the common property, and therefore, has not presented the estimates of future costs of major repairs and replacements which the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be part of, the basic financial statements.

*Carney, Roy and Gerrol, P.C.*

Rocky Hill, Connecticut  
January 28, 2000

WESTBURY CONDOMINIUMS ASSOCIATION, INC.

BALANCE SHEET

DECEMBER 31, 1999

	Operating Fund	Replacement Fund	Fixed Asset Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash	\$11,367	\$44,592	\$ -	\$ 55,959
Accounts receivable - unit owners	50	-	-	50
Prepaid insurance	2,995	-	-	2,995
Capitalized unit - #106	-	-	70,000	70,000
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(24,950)</u>	<u>(24,950)</u>
	<u>\$14,412</u>	<u>\$44,592</u>	<u>\$45,050</u>	<u>\$104,054</u>
 <b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 5,262	\$ -	\$ -	\$ 5,262
Unit owner fees paid in advance	5,256	-	-	5,256
Security deposits	1,726	-	-	1,726
Long term debt - current portion	<u>1,267</u>	<u>-</u>	<u>3,761</u>	<u>5,028</u>
	13,511	-	3,761	17,272
Long term liabilities:				
Long term debt - net of current portion	-	-	37,929	37,929
<b>FUND BALANCES</b>	<u>901</u>	<u>44,592</u>	<u>3,360</u>	<u>48,853</u>
	<u>\$14,412</u>	<u>\$44,592</u>	<u>\$45,050</u>	<u>\$104,054</u>

See accountant's report and accompanying notes.

**WESTBURY CONDOMINIUMS ASSOCIATION, INC.**

STATEMENT OF REVENUE, EXPENSE AND

CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUE	Operating Fund	Replacement Fund	Fixed Asset Fund	Total
Association fees	\$197,167	\$21,400	\$ -	\$218,567
Interest	47	751	-	798
Laundry	4,004	-	-	4,004
Rental income	9,825	-	-	9,825
Capital contribution	-	525	-	525
Other	<u>4,237</u>	<u>-</u>	<u>-</u>	<u>4,237</u>
	<u>215,280</u>	<u>22,676</u>	<u>-</u>	<u>237,956</u>
EXPENSE				
Administration	27,280	-	-	27,280
Personnel	43,781	-	-	43,781
Utilities	70,335	-	-	70,335
Maintenance	21,450	-	-	21,450
Contract services	20,233	-	-	20,233
Capital improvements	5,175	-	-	5,175
Note and mortgage payments	9,449	-	(3,614)	5,835
Depreciation	<u>-</u>	<u>-</u>	<u>2,800</u>	<u>2,800</u>
	<u>197,703</u>	<u>-</u>	<u>(814)</u>	<u>196,889</u>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	17,577	22,676	814	41,067
<b>FUND BALANCES (DEFICIT) January 1, 1999</b>	<u>(16,676)</u>	<u>21,916</u>	<u>2,546</u>	<u>7,786</u>
<b>FUND BALANCES - December 31, 1999</b>	<u>\$ 901</u>	<u>\$44,592</u>	<u>\$ 3,360</u>	<u>\$ 48,853</u>

See accountant's report and accompanying notes.

WESTBURY CONDOMINIUMS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1999

**CASH FLOWS FROM OPERATING ACTIVITIES**

Excess of revenue over expense	\$41,067
Adjustments to reconcile excess of revenue over expense to net cash provided by operating activities:	
Depreciation	2,800
Increase (decrease) in cash resulting from changes in assets and liabilities:	
Accounts receivable	1,688
Prepaid insurance	(2,995)
Accounts payable	507
Security deposits	(501)
Unit owners paid in advance	<u>1,790</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 44,356

**CASH FLOWS FROM FINANCING ACTIVITIES**

Note payments	(18,202)
Payment of mortgage principal	<u>(3,614)</u>

**NET CASH USED FOR FINANCING ACTIVITIES** (21,816)

**NET INCREASE IN CASH** 22,540

**CASH - BEGINNING OF YEAR** 33,419

**CASH - END OF YEAR** \$55,959

**SUPPLEMENTARY INFORMATION ON CASH FLOWS:**

Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$ 5,835</u>

See accountant's report and accompanying notes.

WESTBURY CONDOMINIUMS ASSOCIATION, INC.

SCHEDULE OF EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 1999

	Actual	Budget (Unaudited)
<b>ADMINISTRATION</b>		
Management	\$12,679	\$13,250
Legal and accounting	1,600	2,000
Postage and mailing	407	700
Insurance	12,174	16,000
Printing and copying	420	550
Income tax	-	1,200
Miscellaneous	<u>-</u>	<u>200</u>
	<u>\$27,280</u>	<u>\$33,900</u>
<b>PERSONNEL</b>		
Payroll	\$30,172	\$30,000
Benefits and processing	11,435	9,500
Workers' compensation	<u>2,174</u>	<u>2,600</u>
	<u>\$43,781</u>	<u>\$42,100</u>
<b>UTILITIES</b>		
Electricity	\$14,773	\$17,000
Water and sewer	10,732	8,000
Gas	35,402	39,000
Oil	8,359	6,000
Telephone	<u>1,069</u>	<u>400</u>
	<u>\$70,335</u>	<u>\$70,400</u>
<b>MAINTENANCE</b>		
Elevator	\$ 6,573	\$ 7,000
General	2,401	4,000
Fire protection	3,491	3,000
HVAC	4,673	4,000
Supplies	<u>4,312</u>	<u>2,000</u>
	<u>\$21,450</u>	<u>\$20,000</u>
<b>CONTRACT SERVICES</b>		
Landscaping and fertilization	\$ 5,695	\$ 6,100
Grounds improvements	7,253	4,000
Snow removal	6,185	5,000
Pest control	<u>1,100</u>	<u>1,200</u>
	<u>\$20,233</u>	<u>\$16,300</u>
<b>CAPITAL IMPROVEMENTS</b>		
Lobby	\$ 2,086	
Elevator	1,923	
Sidewalks	<u>1,166</u>	
	<u>\$ 5,175</u>	

See accountant's report and accompanying notes.

WESTBURY CONDOMINIUMS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999

**NOTE 1 - ORGANIZATION**

Westbury Condominiums Association, Inc. is a non-stock Connecticut corporation, not organized for profit. The association was originally incorporated in June 1988, and consists of 73 residential units in three buildings and one single-family house, situated on 3.5 acres of land within the Town of West Hartford, Connecticut. The board of directors and the association are responsible for the operation and maintenance of the common property of Westbury Condominiums.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Method of Accounting*

These financial statements are prepared on the accrual basis using generally accepted accounting principles appropriate for condominium associations. Revenue is recorded when due and expenses are recorded when incurred. The association records its transactions in separate funds depending on the identification of the activity to which the transaction relates.

*Operating Fund* - this fund is used to account for the general operating revenue and expenses of the association.

*Replacement Fund* - this fund is used to accumulate financial resources for major repairs and replacement costs which will be incurred at some future time.

*Fixed Asset Fund* - this fund is used to record those assets which are capitalized in accordance with the association's capitalization policy.

*Capitalization Policy*

Consistent with industry practice, the association capitalizes only property to which it has title and control over disposition. Property which the association has capitalized is recorded in the fixed asset fund. Other common property and any related additions and improvements are owned by the individual unit owners in common and not by the association.

**NOTE 3 - MEMBER ASSESSMENTS**

Association members are assessed monthly common charges to provide funds for the current operations and future needs of the association. Accounts receivable include any related late charges or collection fees. Prepaid common charges appear as a liability.

The declarant, Kingswood-West Associates, Limited Partnership, owns 28 units at December 31, 1999. These units are all currently rented.



WESTBURY CONDOMINIUMS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999

**NOTE 4 - PROPERTY AND EQUIPMENT**

Common property which is capitalized is recorded at cost, less accumulated depreciation determined by the straight line method over the expected useful life of the asset. This property consists of a unit at 869 Farmington Avenue, originally a superintendent's apartment. Due to a lack of historical data, the unit was originally capitalized at a value of \$100,000, which value was estimated by the bank in granting a mortgage in 1991 (see Note 5). When the unit was refinanced in 1997, the bank estimated the fair market value at \$50,000, resulting in an impairment of the asset, and its value was adjusted to \$70,000 less depreciation to correspond with the mortgage. Depreciation on the unit is determined by the straight-line method over the expected useful life of the asset. This unit, formerly part of the common elements, was converted to a separate unit in 1997.

The association has the responsibility to maintain and preserve the common property, whether or not capitalized. Common property not capitalized consists of roofs, streets and walkways, common lobbies and hallways, elevators, and heating system.

**NOTE 5 - CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, cash consists of checking and savings accounts, and highly liquid financial instruments with maturity dates of 91 days or less, if any.

**NOTE 6 - LONG TERM DEBT - FIRST BANK OF WEST HARTFORD MORTGAGE**

Long term debt is a bank installment note bearing interest at 11% per year, payable in monthly installments of \$683 for principal and interest. The original note was dated January 1, 1992 and it was refinanced in February, 1997. The new maturity date of the note is May 23, 2007.

The note is secured by a first mortgage on Unit #106, discussed in Note 4.

Maturities of the long-term debt are as follows:

2000	\$ 3,761
2001	4,189
2002	4,674
2003	5,214
2004 - 2007	<u>23,852</u>
	<u>\$41,690</u>

**WESTBURY CONDOMINIUMS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 1999**

**NOTE 7 - LONG TERM DEBT - RELATED PARTY TRANSACTION**

On January 1, 1997, the association borrowed \$40,000 from Jerome Elbaum, principal of Kingswood - West Associates, LP, at 10%. The note is payable to Advest, Inc., trustee for Ridgmont Management Corp. at \$1,291 per month to January 1, 2000. At December 31, 1999, one payment remains. Interest paid during 1999 was \$929.

**NOTE 8 - ASSOCIATION MANAGEMENT**

Since February, 1998, the association has been managed by Elite Property Management, which provides supervision, maintenance and accounting functions for the association. The management company provides monthly financial reports, as well as services to maintain the common property in accordance with the association's budget, or as requested by the board of directors. The monthly fee for 1999 was \$1,022. The fee for the year 2000 is \$1,084. The contract is in force until terminated by either party.

**NOTE 9 - INCOME TAXES**

For the year ended December 31, 1999 the association has elected to be treated as a qualified homeowners association, according to Section 528 of the Internal Revenue Code. Under this section, the association is taxed on certain net income which derives from sources outside the association, such as interest, rent and laundry proceeds. Common charges received from owners and used for association expenses are generally exempt from taxation. When the association elects this filing status, no taxes are due to the State of Connecticut, although an information return must be filed.

**NOTE 10 - FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The association has not included a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs, although it has set aside cash in a replacement fund. When replacement funds are needed for future major repairs and replacements, the association has the right to increase the regular assessment, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

**NOTE 11 - COMMITMENTS**

The association has several ongoing contracts extending past December 31, 1999, such as elevator maintenance, landscaping and snow removal.