

Hideaway Village
Condominium Association, Inc.

Report on Review
of Financial Statements

For the Year Ended December 31, 2008

Patricia G. Cobb, P.C.

Certified Public Accountant

The Board of Directors
Hideaway Village Condominium Association, Inc.
Buzzards Bay, Massachusetts

I have reviewed the accompanying balance sheet of Hideaway Village Condominium Association, Inc. as of December 31, 2008, and the related statements of revenues, expenses and fund balance and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Hideaway Village Condominium Association, Inc.

A review consists principally of inquiries and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The supplementary information about future repairs and replacements is not a required part of the financial statements, but is supplementary information, required by the American Institute of Certified Public Accountants. I have compiled the supplementary information from information that is the representation of management of Hideaway Village Condominium Association, Inc., without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



Patricia G. Cobb
Certified Public Accountant
May 20, 2009

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HIDEAWAY VILLAGE CONDOMINIUM ASSOCIATION, INC.

Balance Sheet
December 31, 2008

	<u>Operating</u> <u>Fund</u>	<u>Reserve</u> <u>Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash and money market funds	\$ 73,639	\$ 105,995	\$ 179,634
Certificates of deposit	-	155,285	155,285
Assessments receivable, net of allowance for doubtful accounts of \$0	199,247	-	199,247
Prepaid expenses	5,451	-	5,451
Prepaid taxes	1,249	-	1,249
Fixed assets, net of accumulated depreciation of \$69,469 and \$10,355	<u>32,369</u>	<u>24,161</u>	<u>56,530</u>
	<u>\$ 311,955</u>	<u>\$ 285,441</u>	<u>\$ 597,396</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable & accrued expenses	\$ 981	\$ -	\$ 981
Payroll liabilities	2,968	-	2,968
Interfund balance	(7,661)	7,661	-
Deferred income	<u>218,372</u>	<u>-</u>	<u>218,372</u>
Total Liabilities	214,660	7,661	222,321
Fund Balance	<u>97,295</u>	<u>277,780</u>	<u>375,075</u>
	<u>\$ 311,955</u>	<u>\$ 285,441</u>	<u>\$ 597,396</u>

See accountant's review report
and notes to financial statements.

HIDEAWAY VILLAGE CONDOMINIUM ASSOCIATION, INC.

Statement of Revenues, Expenses and Fund Balance
For the year ended December 31, 2008

	<u>Operating</u> <u>Fund</u>	<u>Reserve</u> <u>Fund</u>	<u>Total</u>
Revenues:			
Member assessments	\$ 178,459	\$ 31,315	\$ 209,774
Interest income	4,780	8,093	12,873
Other income	28,739	-	28,739
	<u>211,978</u>	<u>39,408</u>	<u>251,386</u>
Expenses:			
Repair and maintenance	15,592	-	15,592
Sea wall repairs	-	7,785	7,785
Road and pathway repairs	-	4,537	4,537
Insurance	12,860	-	12,860
Office expenses	18,708	-	18,708
Payroll and related expenses	103,904	-	103,904
Sewer	13,432	-	13,432
Vehicle	7,845	-	7,845
Accounting and legal	15,307	-	15,307
Taxes	4,044	-	4,044
Depreciation	9,989	6,903	16,892
Miscellaneous	1,659	-	1,659
Street and garage lighting	3,180	-	3,180
	<u>206,520</u>	<u>19,225</u>	<u>225,745</u>
Excess of revenues over expenses	5,458	20,183	25,641
Fund balance, beginning of year	<u>91,837</u>	<u>257,597</u>	<u>349,434</u>
Fund balance, end of year	<u>\$ 97,295</u>	<u>\$ 277,780</u>	<u>\$ 375,075</u>

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HIDEAWAY VILLAGE CONDOMINIUM ASSOCIATION, INC.

Statement of Cash Flows
For the year ended December 31, 2008

	<u>Operating</u> <u>Fund</u>	<u>Reserve</u> <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 5,458	\$ 20,183	\$ 25,641
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities:			
Allowance for doubtful accounts	-	-	-
Depreciation	9,989	6,903	16,892
Changes in assets and liabilities:			
Assessments receivable	(140,267)	-	(140,267)
Prepaid expenses	714	-	714
Prepaid taxes	(3,334)	-	(3,334)
Accounts payable & accrued expenses	(1,675)	-	(1,675)
Assessments paid in advance	(12,043)	-	(12,043)
Payroll liabilities	780	-	780
Deferred income	150,927	-	150,927
	<u>5,091</u>	<u>6,903</u>	<u>11,994</u>
Net cash provided by operating activities	10,549	27,086	37,635
CASH FLOWS FROM INVESTING:			
Cash payment for computer	(1,204)	-	(1,204)
Increase in certificates of deposit	<u>-</u>	<u>(4,956)</u>	<u>(4,956)</u>
Net cash used in investing activities	(1,204)	(4,956)	(6,160)
CASH FLOWS FROM FINANCING:			
Interfund balances	<u>164</u>	<u>(164)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>164</u>	<u>(164)</u>	<u>-</u>
NET INCREASE IN CASH	9,509	21,966	31,475
CASH AND MONEY MARKET FUNDS, BEGINNING OF YEAR	<u>64,130</u>	<u>84,029</u>	<u>148,159</u>
CASH AND MONEY MARKET FUNDS, END OF YEAR	<u>\$ 73,639</u>	<u>\$ 105,995</u>	<u>\$ 179,634</u>
ADDITIONAL CASH FLOW INFORMATION:			
Income taxes paid	<u>\$ 6,984</u>	<u>\$ -</u>	<u>\$ 6,984</u>

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HIDEAWAY VILLAGE CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements
For the year ended December 31, 2008

A. History and Purpose of the Organization:

Hideaway Village Condominium Association, Inc., (the Association) was incorporated under the provisions of Massachusetts Chapter 183A on March 31, 1983 to administer and manage the common areas on behalf of the homeowners. The Association consists of 269 residential homes located on approximately 28 acres in Buzzards Bay, Massachusetts.

B. Summary of Significant Accounting Policies:

Fund accounting -

To ensure the 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 general operations.

Reserve Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Revenue -

Revenue is derived from assessments to unit owners, which is based on estimates of the amount of common expenses expected to be incurred during each year and desired increases to reserve funds. The homeowners are liable for the common expenses and are entitled to common profits in proportion to their respective percentages of assessments as described in the bylaws.

Property and equipment -

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual homeowners in common and not by the Association. Under generally accepted accounting practices for common area realty associations (CIRAs) real property is only capitalized if it generates significant cash flows or if there is no limitation on the ability of the Association to sell or otherwise dispose of the these assets and retain the proceeds. The Association capitalizes personal property to which it has title at cost. Depreciation on personal property is recorded using the straight-line method over a five-year period.

Income taxes -

Condominium associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2008, the Association was taxed as a regular corporation. As a regular corporation, membership income is exempt from taxation if certain elections are made, and an association is taxed only on its non-membership income, such as interest earnings, at regular federal corporate income tax rates. For state income tax purposes, the Association is taxed as a regular corporation at a 9% rate and is subject to a minimum excise tax of \$456.

See accountant's review report.

B. Summary of Significant Accounting Policies, continued:

Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Assessments:

The annual budget and assessments are determined by the Board of Directors. The Association retains the excess operating funds at the end of the year, if any, for use in the future operating periods.

The Association's policy is to retain legal counsel and if necessary, place liens on the properties of the homeowners whose assessments are excessively delinquent. Under Massachusetts law, a condominium has a priority lien on the first six months of unpaid assessments.

Regular assessments for the year ended December 31, 2008 were \$209,774. Of that amount, \$31,315 was designated for the reserve fund.

D. Fixed Assets:

Fixed assets at December 31, 2008 were composed of the following:

	<u>Operating Fund</u>	<u>Reserve Fund</u>
Office building	\$ 54,564	\$ -
Vehicles	13,489	34,516
Playground equipment	12,679	-
Maintenance equipment	19,295	-
Office equipment	<u>1,811</u>	<u>-</u>
	101,838	34,516
Less accumulated depreciation	<u>(69,469)</u>	<u>(10,355)</u>
	<u>\$ 32,369</u>	<u>\$ 24,161</u>

E. Future Major Repairs and Replacements:

The Association commissioned an engineering firm in May of 2009 to prepare a study to determine the remaining useful lives and the replacement costs of the components of common property. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current costs, future inflation, and interest income, considering amounts previously accumulated in the replacement fund. Actual expenditures however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to increase regular assessments, levy special assessments, arrange for financing, or it may delay major repairs and replacements until funds are available.

HIDEAWAY VILLAGE CONDOMINIUM ASSOCIATION, INC.
Supplementary Information on Future Repairs and Replacements

(Unaudited)

	Estimated Years Until Replacement as of December 31, 2008						Average Per Home ⁽¹⁾
	Current Cost	1 to 5	6 to 10	11 to 15	16 to 20	21 to 40	
Streets	\$ 293,990	\$ 293,990	\$ -	\$ -	\$ -	\$ -	\$ 1,093
Roofs	13,940	-	1,040	4,320	-	8,580	52
Grounds							
Pathways, Walls, & Stairwells	5,000	5,000	-	-	-	-	19
Playground Equipment	9,200	-	9,200	-	-	-	34
Seawall, Repairs	50,000	-	50,000	-	-	-	186
Total Grounds	64,200	5,000	59,200	-	-	-	239
Exterior							
Garage	4,920	-	-	-	-	4,920	18
Office Building Deck	5,950	5,950	-	-	-	-	22
Office Building Shingles	6,600	-	-	6,600	-	-	25
Total Exterior	17,470	5,950	-	6,600	-	4,920	65
Equipment							
Back up Generators	72,000	-	24,000	48,000	-	-	268
Bobcat	24,000	-	24,000	-	-	-	89
Pick up Truck	25,000	-	25,000	-	-	-	93
Dump Truck	40,000	-	-	-	40,000	-	149
Heat Pump	3,800	-	-	-	3,800	-	14
Pump Stations & Motors	50,400	-	50,400	-	-	-	187
Office Building A/C Unit	600	600	-	-	-	-	2
Office Building Furnace	4,800	-	-	4,800	-	-	18
Office Building Hot Water	1,200	-	-	1,200	-	-	4
Total Equipment	221,800	600	123,400	54,000	43,800	-	825
Total	\$ 611,400	\$ 305,540	\$ 183,640	\$ 64,920	\$ 43,800	\$ 13,500	\$ 2,273
Average per home ⁽¹⁾	\$ 2,273	\$ 1,136	\$ 683	\$ 241	\$ 163	\$ 50	

⁽¹⁾Based on 269 homes

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