

**AUTUMN RIDGE AT MANCHESTER  
CONDOMINIUM ASSOCIATION, INC.**

**Financial Statements**

**For the years ended December 31, 2019 and 2018**

**(With Independent Auditor's Report thereon)**

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**  
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**For the years ended December 31, 2019 and 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members  
Autumn Ridge at Manchester Condominium Association, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Autumn Ridge at Manchester Condominium Association, Inc. which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the year 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 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 statements, 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 Autumn Ridge at Manchester Condominium Association, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*HOLMAN FRENIA ALLISON, P.C.*

HOLMAN FRENIA ALLISON, P.C.  
*Certified Public Accountants and Consultants*

October 28, 2020  
Toms River, New Jersey

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**  
**Statement of Financial Position**  
**December 31, 2019**

	2019		
	Operating Fund	Common Reserve Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 24,178	\$ 66,452	\$ 90,630
Prepaid insurance	3,243	-	3,243
Accounts receivable	4,009	2,400	6,409
	<u>31,430</u>	<u>68,852</u>	<u>100,282</u>
Total assets	<u>\$ 31,430</u>	<u>\$ 68,852</u>	<u>\$ 100,282</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Unearned revenue	\$ 4,172	\$ 2,649	\$ 6,821
Accounts payable	4,980	-	4,980
	<u>9,152</u>	<u>2,649</u>	<u>11,801</u>
Total current liabilities	<u>9,152</u>	<u>2,649</u>	<u>11,801</u>
Total liabilities	<u>9,152</u>	<u>2,649</u>	<u>11,801</u>
Net assets:			
Net assets with donor restrictions	-	66,203	66,203
Net assets without donor restrictions	22,278	-	22,278
	<u>22,278</u>	<u>66,203</u>	<u>88,481</u>
Total net assets	<u>22,278</u>	<u>66,203</u>	<u>88,481</u>
Total liabilities and net assets	<u>\$ 31,430</u>	<u>\$ 68,852</u>	<u>\$ 100,282</u>

The accompanying notes are an integral part of the financial statements.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**  
**Statement of Financial Position**  
**December 31, 2018**

	<b>2018</b>		
	<b>Operating Fund</b>	<b>Common Reserve Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 14,038	\$ 31,647	\$ 45,685
Prepaid insurance	11,624	-	11,624
Accounts receivable	1,089	325	1,414
Total assets	\$ 26,751	\$ 31,972	\$ 58,723
 <b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Unearned revenue	\$ 14,609	\$ 800	\$ 15,409
Accounts payable	5,003	-	5,003
Total current liabilities	19,612	800	20,412
Total liabilities	19,612	800	20,412
Net Assets:			
Net assets with donor restrictions	-	31,172	31,172
Net assets without donor restrictions	7,139	-	7,139
Total net assets	7,139	31,172	38,311
 Total liabilities and net assets	\$ 26,751	\$ 31,972	\$ 58,723

The accompanying notes are an integral part of the financial statements.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**

**Statement of Activities**

**For the year ended December 31, 2019**

	<b>2019</b>		
	<b>Operating Fund</b>	<b>Common Reserve Fund</b>	<b>Total</b>
<b>Operating revenues:</b>			
In-kind contribution	\$ 15,124	\$ -	\$ 15,124
Association dues	101,095	-	101,095
Capital contributions	-	15,300	15,300
Other revenue	2,767	-	2,767
Reserve dues	-	19,950	19,950
Interest income	56	-	56
<b>Total operating revenues</b>	<b>119,042</b>	<b>35,250</b>	<b>154,292</b>
<b>Net assets released from restrictions</b>	<b>219</b>	<b>(219)</b>	<b>-</b>
<b>Total support and revenue</b>	<b>119,261</b>	<b>35,031</b>	<b>154,292</b>
<b>Operating expenses:</b>			
Snow removal	12,570	-	12,570
Landscaping and maintenance	31,840	-	31,840
Miscellaneous	105	-	105
Trash removal	12,516	-	12,516
<b>Total operating expenses</b>	<b>57,031</b>	<b>-</b>	<b>57,031</b>
<b>Administrative expenses:</b>			
Professional fees	3,500	-	3,500
Insurance	43,591	-	43,591
<b>Total administrative expenses</b>	<b>47,091</b>	<b>-</b>	<b>47,091</b>
<b>Total expenses</b>	<b>104,122</b>	<b>-</b>	<b>104,122</b>
<b>Change in net assets</b>	<b>15,139</b>	<b>35,031</b>	<b>50,170</b>
<b>Net assets, beginning of year</b>	<b>7,139</b>	<b>31,172</b>	<b>38,311</b>
<b>Net assets, end of year</b>	<b>\$ 22,278</b>	<b>\$ 66,203</b>	<b>\$ 88,481</b>

The accompanying notes are an integral part of the financial statements.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**

**Statement of Activities**

**For the year ended December 31, 2018**

	<b>2018</b>		
	<b>Operating Fund</b>	<b>Common Reserve Fund</b>	<b>Total</b>
<b>Operating revenues:</b>			
In-kind contribution	\$ 16,816	\$ -	\$ 16,816
Association dues	46,128	-	46,128
Capital contributions	-	15,300	15,300
Other revenue	18,301	-	18,301
Reserve dues	-	9,098	9,098
Interest income	18	-	18
<b>Total operating revenues</b>	<b>81,263</b>	<b>24,398</b>	<b>105,661</b>
<b>Net assets released from restrictions</b>	<b>576</b>	<b>(576)</b>	<b>-</b>
<b>Total support and revenue</b>	<b>81,839</b>	<b>23,822</b>	<b>105,661</b>
<b>Operating expenses:</b>			
Snow removal	18,680	-	18,680
Landscaping and maintenance	20,709	-	20,709
Miscellaneous	946	-	946
Trash removal	6,815	-	6,815
<b>Total operating expenses</b>	<b>47,150</b>	<b>-</b>	<b>47,150</b>
<b>Administrative expenses:</b>			
Insurance	27,067	-	27,067
<b>Total administrative expenses</b>	<b>27,067</b>	<b>-</b>	<b>27,067</b>
<b>Total expenses</b>	<b>74,217</b>	<b>-</b>	<b>74,217</b>
<b>Change in net assets</b>	<b>7,622</b>	<b>23,822</b>	<b>31,444</b>
<b>Net assets, beginning of year</b>	<b>(483)</b>	<b>7,350</b>	<b>6,867</b>
<b>Net assets, end of year</b>	<b>\$ 7,139</b>	<b>\$ 31,172</b>	<b>\$ 38,311</b>

The accompanying notes are an integral part of the financial statements.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**

**Statement of Cash Flows**

**For the years ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Cash received from tenants	\$ 140,709	\$ 110,828
Cash paid to vendors	<u>(95,764)</u>	<u>(79,383)</u>
Net cash flows from operating activities	<u>44,945</u>	<u>31,445</u>
Net change in cash	44,945	31,445
Cash, beginning of year	<u>45,685</u>	<u>14,240</u>
Cash, end of year	<u><u>\$ 90,630</u></u>	<u><u>\$ 45,685</u></u>
<b>Reconciliation of change in net assets to cash flows from operating activities:</b>		
Change in net assets	\$ 50,170	\$ 31,444
Working capital changes which (used)/provided cash:		
Accounts receivable	(4,995)	(1,264)
Prepaid insurance	8,381	(3,846)
Unearned revenues	(8,588)	6,431
Accounts payable	<u>(23)</u>	<u>(1,320)</u>
Net cash flows from operating activities	<u><u>\$ 44,945</u></u>	<u><u>\$ 31,445</u></u>

The accompanying notes are an integral part of the financial statements.



**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**

**Notes to Financial Statements**

**For the years ended December 31, 2019 and 2018**

**NOTE 1: ORGANIZATION AND PURPOSE**

The Autumn Ridge at Manchester Condominium Association, Inc. (the "Association"), is organized as a not-for-profit corporation which began operations in 2017. The purpose of the Association is to maintain and preserve the common property of the Association. The Association consists of 82 occupied condominium units as of December 31, 2019 and is located in Manchester, New Jersey. The Association commenced operations on June 15, 2017.

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

**A. Accounting Method**

The financial statements of Autumn Ridge at Manchester Condominium Association, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**B. Basis of Presentation**

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. Interfund borrowing is permitted by the bylaws subject to Board approval. Such amounts are intended to be repaid as and when funds become available. The Association's policy is to allocate interest earned on deposits to the respective fund in which it is earned. The assets, liabilities, and fund balances of the Association are reported in the fund groups listed below.

Operating Fund – This fund represents the portion of expendable funds that is available for general operations of the Association.

Common Reserve – This fund represents the portion of expendable funds that is available for disbursements for designated purposes.

**C. Membership Fees**

Association members are charged monthly at a rate of \$150 for 2019 and 2018. Purchasers of units are charged a one-time non-refundable capital contribution fee of \$450.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Association places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the FDIC insurance limit.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**

**Notes to Financial Statements (continued)**

**For the years ended December 31, 2019 and 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Accounts Receivable**

Accounts receivable consist of member assessment fees. The Association records accounts receivable for fees and revenues that are recognized but not paid at the time of benefit/service in accordance with their revenue recognition policy. These receivables are reviewed periodically to ensure that assets are not overstated due to lack of collectability. The Association uses the direct write-off method to record bad debts, and considers the amounts reported to be substantially collectible as of the Statement of Financial Position date.

**F. 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 unit owners in common and not by the Association.

Personal property acquired by using the Association's funds is recorded at cost. Depreciation is provided over the estimated useful lives of the assets between 3-7 years using the straight-line method.

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

**G. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**H. Revenue Recognition**

The Association recognizes revenue when earned. Revenue is earned mainly through member assessment fees and is considered to be earned on the date when the fees are due.

**I. Income Taxes**

For Federal income tax purposes, the Association files its income tax return as a regular corporation and is subject to Federal tax on net income derived from nonmembers pursuant to Section 277 of the Internal Revenue Code. The Association is exempt from state income taxes.

The Association's tax filings are subject to audit. The Association's federal income tax returns for 2018, 2017, and 2016 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2019 and 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Fair Value Measurements**

The Association categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Association may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the Association in estimating the fair value of its financial instruments:

*Certificate of Deposit* – Valued at the net asset value (NAV) at year end where the NAV is valued at \$1 per unit.

**K. Impact of Recently Issued Accounting Principles**

*Recently Issued Pronouncements*

The Financial Accounting Standards Board ("FASB") has issued the following Standards which will become effective in future fiscal years as shown below:

- ASU No. 2014-09, *Revenue from Contracts with Customers*, will be effective for annual reporting periods beginning after December 15, 2019.
- ASU No. 2016-02, *Leases* will be effective for nonpublic entities for fiscal years beginning after December 15, 2021.
- ASU No. 2017-05, *Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets* will be effective for annual periods beginning after December 15, 2019.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**  
**Notes to Financial Statements (continued)**  
**For the years ended December 31, 2019 and 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Impact of Recently Issued Accounting Principles (continued)**

The Association is has not yet determined the potential impact on its financial statements.

**L. Subsequent Events**

The Association has evaluated subsequent events occurring after the Statement of Financial Position date through October 28, 2020, which is the date the financial statements were available to be issued. See Notes 5 and 6 for more information.

**NOTE 3: CASH**

The deposits held by Autumn Ridge at Manchester Condominium Association, Inc. at December 31, 2019, and reported at fair value, are as follows:

	<u>2019</u>	<u>2018</u>
<b>Deposits:</b>		
Demand deposits	\$ <u>90,630</u>	\$ <u>45,685</u>
Total deposits	\$ <u>90,630</u>	\$ <u>45,685</u>
	<u>2019</u>	<u>2018</u>
<b>Reconciliation of the Balance Sheets:</b>		
Cash	\$ <u>90,630</u>	\$ <u>45,685</u>
Total cash	\$ <u>90,630</u>	\$ <u>45,685</u>

**A. Custodial Credit Risk**

Deposits in financial institutions, reported as components of cash had a bank balances of \$119,397 and \$45,385 at December 31, 2019 and 2018. Of the bank balances, \$119,397 and \$45,385 were fully insured by depository insurance at December 31, 2019 and 2018.

**NOTE 4: FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in a separate account and are generally not available for operating purposes.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase assessments, pass special assessments or delay major repairs and replacement until funds are available.

**AUTUMN RIDGE AT MANCHESTER CONDOMINIUM ASSOCIATION, INC.**

**Notes to Financial Statements (continued)**

**For the years ended December 31, 2019 and 2018**

**NOTE 5: COMMON PROPERTY**

On December 31, 2019 the Association had no title to common real and personal property consisting of underlying land, roofs, sidewalks, parking lots, fence and other completed property.

In accordance with the criteria set forth in the AICPA's *Guide to Audits of Common Interest Realty Associations*, the Association does not recognize such aforementioned common property on its statement of financial position. The Association is responsible for preserving and maintaining the properties.

The Association is expected to receive title to common real and personal property consisting of underlying land, roofs, sidewalks, parking lots, fence and other completed property on October 30, 2020. Once the Association claims title, the Association will recognize the common property on its statement of financial position.

**NOTE 6: SUBSEQUENT EVENT**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. On March 21, 2020, the Governor of New Jersey declared a health emergency and issued an order to close all non-essential businesses until further notice. The Association continued operations during this time and has indicated that there were no material changes due to the changing global economic conditions as a result of the COVID-19 coronavirus.