

Anthony M. Carello

From: Kaufman, Judith <Judith.Kaufman@ag.ny.gov>
Sent: Friday, October 13, 2023 3:20 PM
To: Anthony M. Carello
Cc: REF Acceptance
Subject: H08-0522 Villas at Canandaigua HOA A19

ATTENTION EXTERNAL EMAIL: Use Caution with attachments and links!

The Department of Law (“DOL”) has accepted and filed the above-referenced amendment as of 10/13/2023. This amendment extends the term of the offering plan for 12 months from the date of filing of this amendment.

However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment. Any misstatement or concealment of material fact in the materials submitted as part of this amendment renders this filing void ab initio. The DOL has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or any waiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this acceptance email is conditioned upon the collection of all fees imposed by law. This email is your receipt for the filing fee.

This email shall serve as the DOL’s official acceptance for filing letter for the above-referenced amendment; the DOL’s Records Management Section will **not** issue an official acceptance for filing letter for the above-referenced amendment. However, the DOL’s Records Management Section may issue additional deficiencies while processing this amendment’s acceptance for filing. It is the sponsor’s responsibility to cure all such deficiencies in an expeditious manner. **Notwithstanding, this will not impact the amendment’s date of acceptance for filing.**

Judith Kaufman | Assistant Attorney General

Real Estate Finance Bureau

Office of the New York State Attorney General

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<http://www.ag.ny.gov/bureau/real-estate-finance-bureau>

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NINETEENTH AMENDMENT
TO OFFERING PLAN FOR
THE VILLAS AT CANANDAIGUA ASSOCIATION, INC.

Dated: October 13, 2023

This is the Nineteenth Amendment to the Offering Plan for The Villas at Canandaigua Homeowners Association, Inc. (“HOA”), which Offering Plan was accepted for filing on March 3, 2009. The First Amendment was accepted for filing on March 3, 2009. The Second Amendment was accepted for filing on October 1, 2009. The Third Amendment was accepted for filing on March 22, 2010. The Fourth Amendment was accepted for filing on June 15, 2010. The Fifth Amendment was accepted for filing on November 23, 2010. The Sixth Amendment was accepted for filing on April 25, 2011. The Seventh Amendment was accepted for filing on July 28, 2011. The Eighth Amendment was accepted for filing on April 18, 2012. The Ninth Amendment was accepted for filing on March 18, 2013. The Tenth Amendment was accepted for filing on March 14, 2014. The Eleventh Amendment was accepted for filing on March 12, 2015. The Twelfth Amendment was accepted for filing on February 9, 2016. The Thirteenth Amendment was accepted for filing on January 23, 2017. The Fourteenth Amendment was accepted for filing on December 18, 2017. The Fifteenth Amendment was accepted for filing on December 20, 2018. The Sixteenth Amendment was accepted for filing on December 10, 2019. The Seventeenth Amendment was accepted for filing on March 30, 2021. The Eighteenth Amendment was accepted for filing on March 30, 2022. This Nineteenth Amendment is made to extend the term of the Offering Plan.

1. STATUS OF SALES

As of the date of this Nineteenth Amendment, all lots in Phase I, Phase II and Phase III of the HOA have been sold by Sponsor. A list of the unsold Lots in Phase IV of the HOA is attached to this Amendment as Exhibit XIX-A. As of the date of this Nineteenth Amendment, there are two (2) Lots under contract.

2. SPONSOR CONTROL OF BOARD OF DIRECTORS

The Sponsor relinquished control of the HOA Board of Directors of the homeowners on December 24, 2014. The members of the Board of Directors and officers of the HOA and their relationship to Sponsor are:

President/Director: Paul Keitz, 5083 Cheshire Glen, Canandaigua, New York 14424. Mr. Keitz is a homeowner.

Treasurer/Director: Dan Kwart, 5092 Cheshire Glen, Canandaigua, New York 14424. Mr. Kwart is a homeowner.

Secretary/Director: Patti Winn, 5108 Cheshire Glen, Canandaigua, New York 14424. Ms. Winn is a homeowner.

Member at Large: Ken Carbone, 3264 Abbey Road, Canandaigua, New York 14424. Mr. Carbone is a homeowner.

Member at Large: Jim McMurray, 3275 Abbey Road, Canandaigua, New York 14424. Mr. McMurray is a homeowner.

3. ASSOCIATION CHARGES

The aggregate monthly association charges for all Lots owned by Sponsor in Phases I-IV is \$0.00.

4. BUDGET

The current budget of the HOA is attached hereto as Exhibit XIX-B.

5. FINANCIAL STATEMENTS

Financial statements for the fiscal year of the HOA's operations ending on March 31, 2023 are attached hereto as Exhibit XIX-C.

6. FINANCIAL DISCLOSURE UPDATE

A. The Sponsor is only obligated for the lesser of (i) the difference between the actual HOA expenses (including budgeted amounts for reserves) and the HOA charges levied on Lot Owners who have closed title to their Lots; or (ii) assessments on all unsold Lots. The Sponsor is currently funding deficits in lieu of paying monthly assessments for the unsold Lots still owned by Sponsor.

B. The aggregate monthly real estate taxes payable by the Sponsor on the unsold Lots which it owns as of the date of this Nineteenth Amendment, based on the current tax rates, are approximately \$453.53 per month.

C. There are no Lots occupied by the Sponsor or by tenants.

D. The Sponsor will not be obligated to the HOA for any financial obligations within the next 12 months other than the payment of HOA assessments, or the budget deficit (if one exists at the end of the fiscal year).

E. All unsold Lots set forth on Exhibit XIX-A are subject to mortgages or financing liens as follows, all of which are held by Genesee Regional Bank, with an address of 3380 Monroe Avenue, Rochester, New York 14618:

i. Construction Revolving Line of Credit Loan with a current outstanding principal balance of approximately \$745,627.81. The monthly payments are interest only at an interest rate of 10.00%. This loan matures on July 14, 2024.

F. The Sponsor will pay the obligations set forth in (A), (B) and (E) above out of the proceeds from the rental and sale of the Lots, or in the event the proceeds available from the rental and sale of the Lots is insufficient, from the Sponsor's own funds.

G. The Sponsor is current and has been current in the last twelve (12) months on all of the Sponsor's financial obligations relating to the HOA.

H. The Sponsor has no interest in and is not the sponsor of any other cooperatives, condominiums or homeowners associations, except a principal of Sponsor, Edwin Jay Wegman, is also a principal in The Gardens at Fieldstone, in Greece, New York (File No. H10-0009). The above named principal is current in all obligations on this project and has been for the last twelve (12) months.

7. LITIGATION

To the best of the Sponsor's knowledge, as of the date hereof, there are no lawsuits, administrative proceedings or other proceedings pending, the outcome of which may materially affect the offering, the property, the rights of home or Lot owners, the Sponsor's capacity to perform all of its obligations under the Offering Plan, the HOA, or the operation of the HOA.

8. NO OTHER MATERIAL CHANGES

As of the date of this Amendment, there are no other material changes to the state of facts as set forth in the original Offering Plan except as indicated herein, known to Sponsor.

[Signature on the following page]

WEGMAN FAMILY (CANANDAIGUA) LLC XV,
Sponsor


By: 
Name: Edwin Jay Wegman
Its: Manager

EXHIBIT XIX-A

LIST OF UNSOLD LOTS

Phase IV - Lot Number

Lot No. 240A

Lot No. 240B

Lot No. 240C

Lot No. 240D

Lot No. 250B - under contract

Lot No. 250C

Lot No. 250D - under contract

Lot No. 260A

Lot No. 260C

9 Total Unsold Lots

EXHIBIT XIX-B

BUDGET



February 8, 2023

Dear Villas at Canandaigua Homeowner:

The Villas at Canandaigua HOA Board of Directors has approved the enclosed budget for the 2023 / 2024 fiscal year. The Board's sacrifice of personal time and their continued conscientious efforts have resulted in another solid budget in some very difficult inflationary times. Many hours of discussion and preparation went into this plan, and the Board is confident that the maintenance needs of the community will be well-served with this budget.

Enclosed is your copy of the 2023/2024 budget, which includes notes explaining each budget category. **This Board-approved budget includes a \$21 increase in the monthly HOA fee, making the new monthly fee \$331.**

Checks to cover your monthly HOA fees are to be made payable to **Villas at Canandaigua HOA** and mailed to Crofton Perdue Associates, Inc. Please be sure your Villas at Canandaigua address is on the face of the check to ensure proper crediting to your account. A late fee of \$33.00 (10% of the HOA fee) will be assessed for payments received after the 10th of the month.

For those of you who participate in our direct debit program, you do not need to make any adjustments as our Accounting Department will make the monthly deduction change. For those not already taking advantage of the direct debit option for the monthly fees, enclosed is a Direct Debit Payment Authorization form. To participate, your completed form, with a voided check attached, should be mailed to Crofton Perdue Associates Inc. at the address below.

Crofton Perdue Associates, Inc. and the Villas at Canandaigua HOA Board of Directors look forward to working together on another successful and productive year for the Association.

If you have any questions regarding the budget or other concerns about your Association, please feel free to contact our office.

Respectfully,

CROFTON PERDUE ASSOCIATES, INC.

James Manetta
Property Manager

JM/jp

Enc.

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Villas at Canandaigua
HOMEOWNERS ASSOCIATION

Approved Budget - 2023-2024
4/1/23 thru 3/31/24

	Budget 2023 / 2024 110 Homes (\$331/mo)	\$21/month increase (6.8%)
INCOME		
HOA Maintenance Fees	\$ 436,920	110 homes x \$331/month x 12 months
Clubhouse Rental Fees	\$ 450	Homeowner use of clubhouse
Operations Savings Carried Prior	\$ 26,325	
Total Income	\$ 463,695	
Operating Fund		
		Basic Fund Description
1 Audit / Legal / Pro Eng	\$ 7,000	Combines audit, legal and engineering
2 Clubhouse	\$ 15,125	Cleaning, equipment maintenance repairs and supplies
3 Fertilization	\$ 8,300	Professionally applied lawn chemicals
4 Insurance	\$ 51,000	HOA obligated insurance coverage, common areas / buildings
5 Irrigation	\$ 3,000	Lawn sprinkling system: maintenance and repair
6 Landscaping	\$ 57,000	Mowing, mulching, weeding, trimming, bed maintenance
7 Management	\$ 29,464	Crofton Perdue: professional property management
8 Office	\$ 4,200	Office expenses plus committees
9 Pond	\$ 5,000	Chemicals, aerator installation / removal
10 Pool	\$ 5,400	Pool Maintenance, supplies, signage, open/close, furniture, repair
11 Refuse	\$ 28,000	Refuse and recycle disposal
12 Repairs / Maintenance	\$ 49,050	HOA common areas and HOA home repairs / supplies
13 Snow	\$ 50,000	Snow removal: roads & driveways plus street salting on request
14 Taxes-Real Estate/Corporate	\$ 1,200	Corporate and real estate taxes
15 Utilities	\$ 23,500	Common area phone, cable, electric, gas, water, sewer
16 Unanticipated Expenses	\$ 14,856	Covers operating expenses that have exceeded plan
Total Operating	\$ 352,095	Operational Expenses
Reserve Fund Contribution	\$ 111,600	Defined Maintenance / Replacement
Total Budget	\$ 463,695	

EXHIBIT XIX-C

FINANCIAL STATEMENTS

*THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.*

FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

*THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.*

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Robert J. Longstaffe & Key

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Homeowners
The Villas at Canandaigua Homeowners Association, Inc.
Canandaigua, New York

Opinion

We have audited the accompanying financial statements of The Villas At Canandaigua Homeowners Association, Inc. which comprise the balance sheets as of March 31, 2023 and 2022, and the related 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Villas At Canandaigua Homeowners Association, Inc. as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Villas At Canandaigua Homeowners Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt The Villas At Canandaigua Homeowners Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Villas At Canandaigua Homeowners Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Villas At Canandaigua Homeowners Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Rochester, New York
May 16, 2023

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**BALANCE SHEETS
MARCH 31, 2023 AND 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 197,434	\$ 610,594
Investments	445,000	0
Accounts receivable from homeowners	682	431
Accrued interest receivable	5,961	0
Prepaid expenses	<u>14,610</u>	<u>2,375</u>
Total assets	<u>\$ 663,687</u>	<u>\$ 613,400</u>

LIABILITIES AND FUND BALANCES

	<u>2023</u>	<u>2022</u>
Liabilities		
Accounts payable	\$ 2,505	\$ 1,704
Advance payments from homeowners	10,169	11,460
Contract liabilities - major maintenance fund	594,078	546,998
Accrued income taxes	<u>1,543</u>	<u>0</u>
Total liabilities	<u>608,295</u>	<u>560,162</u>
Fund balances		
Operating	55,392	53,238
Major maintenance	<u>0</u>	<u>0</u>
Total fund balances	<u>55,392</u>	<u>53,238</u>
	<u>\$ 663,687</u>	<u>\$ 613,400</u>

See accompanying notes and independent auditors' report.

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	2023		2022	
	Operating Fund	Major Maintenance Fund	Operating Fund	Major Maintenance Fund
	Total	Total	Total	Total
Revenues				
Assessments	\$ 291,816	\$ 57,320	\$ 349,335	\$ 26,714
Interest	0	7,355	0	1,601
Unrealized gain on investments	0	572	0	0
Other	712	0	692	0
Total revenues	292,528	65,047	357,565	28,315
Expenses				
Management fees	26,573	0	26,672	0
Insurance	43,581	0	43,381	0
Administrative expenses	3,462	0	4,574	0
Legal and professional	3,815	0	5,640	0
Landscaping	62,544	0	61,147	0
Trash removal	16,031	0	21,650	0
Snow removal	40,069	0	38,258	0
Repairs and maintenance	38,687	65,047	45,186	22,315
Utilities	11,366	0	18,006	0
Property taxes	864	0	806	0
Income taxes	1,545	0	1,541	0
Total expenses	260,364	65,047	355,411	22,315
Excess of revenues over (under) expenses	32,164	0	1,154	0
Transfers	0	0	0	0
Fund balances - beginning of year	51,238	0	51,238	40,136
Fund balances - end of year	\$ 83,402	\$ 0	\$ 52,392	\$ 40,136

See accompanying notes and independent auditors' report.

*THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.*

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Excess of revenues over (under) expenses	\$ 2,154	\$ 13,102
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Accounts receivable from homeowners	(251)	(161)
Accrued interest receivable	(5,961)	0
Prepaid expenses	(12,235)	9,597
Increase (decrease) in:		
Accounts payable	801	(3,315)
Advance payments from homeowners	(1,291)	2,733
Contract liabilities - major maintenance fund	47,080	86,086
Accrued income taxes	1,543	(280)
	<u>31,840</u>	<u>107,762</u>
Net cash and cash equivalents provided (used) by operating activities	31,840	107,762
Cash flows from investing activities:		
Purchase of investments	<u>(445,000)</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	(413,160)	107,762
Cash and cash equivalents - beginning of year	<u>610,594</u>	<u>502,832</u>
Cash and cash equivalents - end of year	<u>\$ 197,434</u>	<u>\$ 610,594</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	<u>\$ 0</u>	<u>\$ 280</u>

See accompanying notes and independent auditors' report.

***THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 1: SUMMARY OF OPERATIONS

The Association was incorporated under Section 402 of the New York State Not-For-Profit Corporation Law on July 22, 2008, for the purpose of maintaining the common areas (consisting of a pool, clubhouse, fences, exteriors, asphalt, grounds and lawns) of one hundred twenty residential townhomes (of which one hundred three are sold), in Canandaigua, New York. The homeowners elect a board of directors who hire an independent property management firm to manage the Association.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - The Association considers all highly liquid investments to be cash equivalents.

Fund Accounting - The Association's governing documents provide certain guidelines for governing its financial activities, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. 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 the general operation of the Association.

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

Member Assessments - Association members are subject to monthly assessments to provide funds for the Association's operating and major maintenance expenses. Assessment revenue is recognized as the related performance obligations related to its operating and major maintenance assessments are satisfied.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly in arrears. An allowance for uncollectible accounts is not deemed necessary as of March 31, 2023 and 2022. The Association treated uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes - Pursuant to the Tax Reform Act of 1976, homeowner associations are permitted to make an annual election to be treated as a regular corporation or a tax-exempt organization. Each year the Association will file its tax returns under the election which is most beneficial to the organization. Under Section 528 of the Internal Revenue Code, taxes are paid on non-exempt function income (principally interest and rental, net of expenses).

The Association's tax returns for the years ending 2020, 2021 and 2022 are subject to examination by the IRS, generally for three years after they were filed.

Revenue Recognition - The Association follows the guidance set forth by the Financial Accounting Standards Board (FASB) that created Topic 606, *Revenue Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services. Revenues collected prior to the transfer of goods or services are retained as contract liabilities.

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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition and disclosure through May 16, 2023, the date the financial statements were available to be issued.

NOTE 3: MARKETABLE SECURITIES

The Association has adopted FASB ASC 820 - "*Fair Value Measurements and Disclosures*," which provides a framework for measuring fair value under GAAP. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

See independent auditors' report.

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 3: MARKETABLE SECURITIES (CONTINUED)

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market Approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, or other sources;
- B) Cost Approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income Approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with investments and the uncertainty related to changes in their market value, it is at least reasonably possible that changes in risk could affect the Association.

Assets itemized below were measured at fair value during the year ending:

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Market Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>March 31, 2023:</u>				
Cash	\$ 372	\$ 372	\$ 0	\$ 0
Certificates of deposits	<u>445,000</u>	<u>445,000</u>	<u>0</u>	<u>0</u>
	<u>\$ 445,372</u>	<u>\$ 445,372</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditors' report.

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 3: MARKETABLE SECURITIES (CONTINUED)

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Market Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>March 31, 2022:</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 0
Certificates of deposits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The cost basis and fair value of marketable securities was as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Cumulative Unrealized Gain/(Loss)</u>
<u>March 31, 2023:</u>			
Certificates of deposits	\$ 445,000	\$ 445,372	\$ 372

Unrealized gain (loss) on investments as of March 31, 2023, amounted to \$1,697.

March 31, 2022:

Certificates of deposits	\$ 0	\$ 0	\$ 0
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Unrealized gain (loss) on investments as of March 31, 2022, amounted to \$0.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 4: CONTRACT LIABILITIES - MAJOR MAINTENANCE FUND

Contract liabilities - major maintenance fund records the deferral of assessments allocated to the major maintenance fund.

As of March 31, 2023 and 2022, major maintenance assessments are recorded as follows:

	<u>2023</u>	<u>2022</u>
Budgeted assessments	\$ 104,400	\$ 106,800
Assessments deferred	(47,080)	(86,086)
Assessments previously deferred, recognized	<u>0</u>	<u>0</u>
Assessments	<u>\$ 57,320</u>	<u>\$ 20,714</u>

As of March 31, 2023 and 2022, contract liabilities - major maintenance fund is recorded as follows:

	<u>2023</u>	<u>2022</u>
Beginning contract liabilities	\$ 546,998	\$ 460,912
Assessments deferred (recognized)	<u>47,080</u>	<u>86,086</u>
Ending contract liabilities	<u>\$ 594,078</u>	<u>\$ 546,998</u>

NOTE 5: OWNERS' ASSESSMENTS

Monthly assessments to owners for the year ended March 31, 2023 and 2022 were \$310, of which a portion is allocated to the major maintenance fund. The annual budget and assessments of owners are determined by the board of directors. The Association retains any year end operating surplus for use in the following year. As of April 1, 2023, monthly assessments increased to \$331.

NOTE 6: COMMITMENTS

The Association has entered into an agreement with Crofton Perdue Associates, Inc. for management of its operations. The agreement provides for a monthly fee of \$22 per sold lot for the year ending March 31, 2024.

NOTE 7: SPONSOR CONTRIBUTION

The sponsor is required to fund operating deficits until the last unit is sold.

See independent auditors' report.

*THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.*

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 8: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has elected to accumulate funds for future major repairs and replacements. Accumulated funds are accounted for separately and generally are not available for expenditures for normal operations.

The board of directors and the management company determine amounts to be allocated to the major maintenance fund. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the major maintenance 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 regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 9: CONCENTRATIONS OF CREDIT RISK

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Association places its cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit. The Association routinely assesses the financial strength of these organizations and, as a consequence, believes that its credit risk exposure is limited.

See independent auditors' report.

*THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.*

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
MARCH 31, 2023**

Crofton Perdue Associates, Inc. updated a study dated January 14, 2021, to estimate the remaining useful lives and the replacement costs of components of common property. The costs are based upon estimated current replacement costs.

The following table is based on the study and presents significant information about the components of common property. We have not audited, reviewed or compiled the required supplementary information.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Roofs	13 to 18	\$ 830,000
Gutters	17 to 18	39,518
Asphalt sealing	Annually	6,500 - 7,500
Asphalt resurface	9 to 16	392,783
Pool	2 to 6	5,000
Clubhouse	2 to 6	14,500
Lamp posts	18	64,214
Fountains	1	500
Sidewalks	2	300
Paint/caulk	Annually	7,500 - 10,000
Landscape/trees	1	500
Drainage	2	5,000

See independent auditors' report.