

## Anthony M. Carello

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**From:** Worrel, Wesley <Wesley.Worrel@ag.ny.gov>  
**Sent:** Thursday, October 3, 2024 4:21 PM  
**To:** Anthony M. Carello  
**Subject:** H 08-0022 VILLAS AT CANANDAIGUA HOA A20

**ATTENTION EXTERNAL EMAIL: Use Caution with attachments and links!**

Mr. Carello,

The Department of Law (“DOL”) has accepted and filed the above-referenced amendment as of October 3, 2024. This amendment extends the term of the offering plan for 12 months from the date of filing of this amendment.

**This email shall serve as the DOL’s official acceptance for filing letter for the above-referenced amendment; no other acceptance for filing letter will be issued by the DOL for this amendment.** This email constitutes a public record and any alteration to this email may constitute a criminal offense.

Any material change of fact or circumstance affecting the property or offering requires an immediate amendment to the offering plan. 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 letter is conditioned upon the collection of all fees imposed by law. It is the responsibility of the sponsor to ensure that correct fee amounts have been paid.

Please note that the DOL may issue administrative deficiencies while processing this amendment’s acceptance for filing. It is the sponsor’s responsibility to cure all such deficiencies in an expeditious manner. If there are any outstanding deficiencies at the time of submission of the next amendment to this offering plan, the DOL reserves the right to reject the submission of such amendment until all outstanding deficiencies are cured. **Notwithstanding, this will not impact this amendment’s date of acceptance for filing.**

### Wesley Worrel | Assistant Attorney General

Real Estate Finance Bureau  
Office of the New York State Attorney General  
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✉ [wesley.worrel@ag.ny.gov](mailto:wesley.worrel@ag.ny.gov)

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

To receive updates from the Bureau, click [HERE](#).

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

Dated: October 3, 2024

This is the Twentieth 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. The Nineteenth Amendment was accepted for filing on October 13, 2023. This Twentieth Amendment is made to extend the term of the Offering Plan.

1. STATUS OF SALES

As of the date of this Twentieth 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 XX-A. As of the date of this Twentieth Amendment, there is one (1) Lot 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/Treasurer/Director: Paul Keitz, 5083 Cheshire Glen, Canandaigua, New York 14424. Mr. Keitz is a homeowner.

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

Member at Large: Bob Kayser, 3243 Abbey Road, Canandaigua, New York 14424. Mr. Kayser 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 \$931.92.

4. BUDGET

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

5. FINANCIAL STATEMENTS

Financial statements for the fiscal year of the HOA's operations ending on March 31, 2024 are attached hereto as Exhibit XX-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 Twentieth Amendment, based on the current tax rates, are approximately \$245.73 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 XX-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 \$720,372.31. The monthly payments are interest only at an interest rate of 10.00%. This loan matures on June 3, 2026.

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

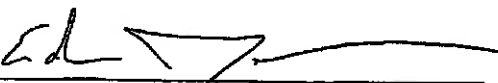
By:   
Name: Edwin Jay Wegman  
Its: Manager

EXHIBIT XX-A

LIST OF UNSOLD LOTS

Phase IV - Lot Number

Lot No. 240A

Lot No. 240C - under contract

Lot No. 240D

Lot No. 250C

Lot No. 260C

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5 Total Unsold Lots

EXHIBIT XX-B

BUDGET



February 26, 2024

Dear Villas at Canandaigua Homeowner:

The Villas at Canandaigua HOA Board of Directors has worked hard to create a workable budget that addresses the pressing inflationary costs that affect almost every aspect of the HOA's maintenance. Enclosed is the approved budget for the 2024 / 2025 fiscal year. The Board's sacrifice of personal time and their continued conscientious efforts have resulted in another solid budget in some very difficult fiscal 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 2024/2025 budget, which includes notes explaining each budget category. **This Board-approved budget includes a \$19 increase in the monthly HOA fee, making the new monthly fee \$350.**

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 \$35.00 (10% of the HOA fee) will be assessed for payments received after the 10<sup>th</sup> 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.

**Property Management** Condominiums Townhouses Office Parks  
111 Marsh Road, Suite 1 • Pittsford New York 14534  
E mail: [Info@CroftonInc.com](mailto:Info@CroftonInc.com) • [www.CroftonInc.com](http://www.CroftonInc.com)  
2585 248.3840

**Villas at Canandaigua**  
**HOMEOWNERS ASSOCIATION**  
**Approved Budget - 2024-2025**  
**4/1/24 thru 3/31/25**

	Budget 2024 / 2025 110 Homes (\$350/mo)	\$19/month increase (5.7%)
<b>INCOME</b>		
HOA Maintenance Fees	\$ 478,800	114 homes x \$350/month x 12 months
Clubhouse Rental Fees	\$ 700	Homeowner use of clubhouse
Developer Contribution	\$ 3,000	
Operations Savings Carried Prior	\$ 35,000	
<b>Total Income</b>	<b>\$ 517,500</b>	
<b>Operating Fund</b>		
		<b>Basic Fund Description</b>
1 Audit / Legal / Pro Eng	\$ 13,000	Combines audit, legal and engineering
2 Clubhouse	\$ 13,500	Cleaning, equipment maintenance repairs and supplies
3 Fertilization	\$ 7,000	Professionally applied lawn chemicals
4 Insurance	\$ 59,500	HOA obligated insurance coverage, common areas / buildings
5 Irrigation	\$ 3,000	Lawn sprinkling system maintenance and repair
6 Landscaping	\$ 66,000	Mowing, mulching, weeding, trimming, bed maintenance
7 Management	\$ 31,464	Crofton Perdue professional property management
8 Office	\$ 3,500	Office expenses plus committees
9 Pond	\$ 4,300	Chemicals, aerator installation / removal
10 Pool	\$ 5,000	Pool Maintenance, supplies, signage, open/close, furniture, repair
11 Refuse	\$ 27,900	Refuse and recycle disposal
12 Repairs / Maintenance	\$ 52,000	HOA common areas and HOA home repairs / supplies
13 Snow	\$ 48,000	Snow removal, roads & driveways plus street salting on request
14 Taxes-Real Estate/Corporate	\$ 4,250	Corporate and real estate taxes
15 Utilities	\$ 18,075	Common area phone, cable, electric, gas, water, sewer
16 Unanticipated Expenses	\$ 20,000	Covers operating expenses that have exceeded plan
<b>Total Operating</b>	<b>\$ 376,489</b>	<b>Operational Expenses</b>
<b>Reserve Fund Contribution</b>	<b>\$ 141,011</b>	<b>Defined Maintenance / Replacement</b>
<b>Total Budget</b>	<b>\$ 517,500</b>	<b>2024 / 2025</b>



EXHIBIT XX-C

FINANCIAL STATEMENTS

THE VILLAS AT CANANDAIGUA  
HOMEOWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

To The Members of  
The Villas at Canandaigua Homeowners' Association, Inc.  
Canandaigua, New York

### **Opinion**

We have audited the accompanying financial statement of The Villas at Canandaigua Homeowners' Association, Inc., which comprise the balance sheet as of March 31, 2024, and the related statement of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of The Villas at Canandaigua Homeowners' Association, Inc. as of March 31, 2024, and the results of its operations and its cash flows for the year 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 Statement 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 Statement**

Management is responsible for the preparation and fair presentation of the financial statement 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 statement that are free from material misstatement, whether due to fraud or error. In preparing the financial statement, management is required to evaluate whether 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 within one year after the date that the financial statement is available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 statement.
- 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 information on future major repairs on page 10 be presented to supplement the basic financial statement. Such information is the responsibility of management and, although not a part of the basic financial statement, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statement 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 statement, and other knowledge we obtained during our audit of the basic financial statement. 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.

*Jay R. Gelb & Company, P.C.*  
JAY R. GELB & COMPANY, P.C.  
Pittsford, New York  
May 22, 2024

THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.

BALANCE SHEET

MARCH 31, 2024

	Operating <u>Fund</u>	Reserve <u>Fund</u>	Total <u>2024</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$64,208	\$179,133	\$243,341
Investment in Certificates of Deposit	0	545,000	545,000
Accrued Interest Receivable	0	8,167	8,167
Prepaid Expenses	<u>17,049</u>	<u>0</u>	<u>17,049</u>
TOTAL ASSETS	<u>\$81,257</u>	<u>\$732,300</u>	<u>\$813,557</u>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Accounts Payable	\$15,024	\$20,834	\$35,858
Prepaid Assessments	7,681	0	7,681
Income Tax Payable	1,827	0	1,827
Contract Liabilities (Assessment Received In Advance-Replacement Fund)	<u>0</u>	<u>711,466</u>	<u>711,466</u>
Total Liabilities	\$24,532	\$732,300	\$756,832
Fund Balances	<u>\$56,725</u>	<u>\$0</u>	<u>\$56,725</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$81,257</u>	<u>\$732,300</u>	<u>\$813,557</u>

"SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT"

THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2024

	Operating <u>Fund</u>	Reserve <u>Fund</u>	Total <u>2024</u>
<u>Revenues:</u>			
Regular Assessments	\$322,413	\$7,206	\$329,619
Interest Income	0	28,931	28,931
Club House Fees and Miscellaneous	<u>9,149</u>	0	<u>9,149</u>
Total Revenues	\$331,562	\$36,137	\$367,699
<u>Expenses:</u>			
Legal and Professional Fees	\$6,672	\$0	\$6,672
Clubhouse Expenses	8,769	0	8,769
Landscaping and Fertilization	75,786	20,834	96,620
Insurance	51,470	0	51,470
Irrigation Expenses	2,704	0	2,704
Management Fees	29,309	0	29,309
Office Expenses	3,327	5	3,332
Pond Maintenance	5,748	0	5,748
Pool Expenses	2,719	0	2,719
Refuse	26,246	0	26,246
Repairs, Maintenance, and Supplies	41,763	15,298	57,061
Snow	48,754	0	48,754
Real Estate Taxes	928	0	928
Utilities	15,938	0	15,938
Income Taxes	<u>2,987</u>	0	<u>2,987</u>
Total Expenses	<u>\$323,120</u>	<u>\$36,137</u>	<u>\$359,257</u>
 Excess of Revenues over Expenses	 \$8,442	 \$0	 \$8,442
Beginning Fund Balances	<u>48,283</u>	0	<u>48,283</u>
Ending Fund Balances	<u>\$56,725</u>	<u>\$0</u>	<u>\$56,725</u>

"SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT"

THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.

— STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

	Operating <u>Funds</u>	Reserve <u>Funds</u>	Total <u>2024</u>
Cash Flows from Operating Activities:			
Excess of Revenues over Expenses	\$8,442	\$0	\$8,442
Adjustments to Reconcile			
Excess of Revenues over			
Expenses to Net Cash Provided by			
Operating Activities:			
(Increase) Decrease In:			
Accrued Interest Receivable	0	(2,206)	(2,206)
Assessments Receivable	682	0	682
Prepaid Expenses	(2,439)	0	(2,439)
Increase (Decrease) In:			
Accounts Payable	12,519	20,834	33,353
Assessments received in advance	(2,488)	0	(2,488)
Income Tax Payable	284	0	284
Contract Liabilities (Assessment Received In			
Advance-Replacement Fund)	0	<u>110,279</u>	<u>110,279</u>
Net Cash (Used) Provided by			
Operating Activities	17,000	128,907	145,907
Cash Flows from Investing Activities:			
Net (Purchase) Sale of Investment in			
Certificates of Deposit	0	(100,000)	(100,000)
Net Cash (Used) Provided by Investing			
Activities	0	(100,000)	(100,000)
Net Increase (Decrease) in Cash and Cash			
Equivalents	17,000	28,907	45,907
Cash and Cash Equivalents-Beginning of Year	<u>47,208</u>	<u>150,226</u>	<u>197,434</u>
Cash and Cash Equivalents-End of Year	<u>\$64,208</u>	<u>\$179,133</u>	<u>\$243,341</u>
Supplemental Disclosure:			
Income Taxes Paid			\$2,703

"SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT"

THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

Note 1 - Nature of Organization:

Nature of Business:

On July 22, 2008, the Association was incorporated under section 402 of the New York State Not-For-Profit Corporation Law, for the purpose of owning and maintaining common areas (consisting of pool, clubhouse, fences, exteriors, asphalt, grounds, and lawns) of one hundred and twenty residential townhomes (of which one hundred thirteen 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 - Date of Management's Review:

In preparing the financial statement, the Association has evaluated events and transactions for potential recognition or disclosure through May 22, 2024, the date of the financial statement was available to be issued.

Note 3 - Summary of Significant Accounting Policies:

Cash and Cash Equivalents:

The Association considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Fund Accounting:

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. 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 operations of the Association.

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



THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

Management Estimates:

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

Member Assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. The assessments were \$331 per month for the year ended March 31, 2024. Starting April 1, 2024, assessments will be \$350 per month.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. No allowance for uncollectable accounts is deemed necessary. The Association treats uncollectible assessments as credit losses. Method, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside of Association's control. The Association has \$0 for the year ended March 31, 2024.

Contracted Liabilities (Assessments received in advance-replacement fund):

The Association recognized revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement funds) is recorded when the Association has the right to receive payments in advance of the satisfaction of performance obligation related to replacement reserve assessments. The balance of contracted liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$601,187 and \$711,466.

Interest Income:

Interest income is recognized when earned and is allocated to the funds based on the fund allocation of the interest-bearing deposits.

THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

Fair Value of Financial Investments:

The carrying amounts of financial instruments, including cash and cash equivalents, member receivables, and accounts payable, approximate their fair value due to the short-term maturities of these instruments.

Note 4 - Income Taxes:

The Association is afforded an annual election under Internal Revenue Code Section 528 whereby it may exclude assessments received from members (net of related expenses) from its taxable income determination, effectively subjecting only its non-related interest income to federal and state income taxes. The alternate method is to determine its taxable income under IRC Section 277, in a manner similar to that of a regular corporation. If the net tax results under Section 528 are more favorable to the Association, the annual election is made upon filing the tax return. The Association filed under Section 277 for the year ended March 31, 2024. Federal tax liabilities for the year ended March 31, 2024, was \$2,244.

New York State imposes a tax based upon net non-membership income at a rate of 6.50% with provisions for a tax on capital or a statutory minimum tax, whichever is greatest, with an additional surcharge imposed. New York State tax liabilities for the year end March 31, 2024, was \$743.

The Association's federal and state income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed, and the Association's federal and state income tax returns for 2020, 2021, and 2022 remain open to examination.

Note 5 - Concentration of Credit Risk:

The Association's financial instruments that are exposed to the concentration of credit risk consist primarily of cash and cash equivalents. The Association places its cash investments with high credit quality institutions. At times, such investment 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. During the year, the Association had cash in a bank in excess of federally insured limits amounting to \$0 for the year ended March 31, 2024 .

Note 6 - Investments:

The Association categorizes its investments according to the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 321-10. Generally, and in line with prevalent industry practice, the Association only invests in securities classified as *Held to Maturity or Available for Sale*.

THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2024

Note 7 - Commitments:

The Association has entered into an agreement with Crofton Perdue Associates, Inc. for management of its operations. Total management fees for the year ended March 31, 2024, was \$29,309.

Note 8 - Sponsor Contribution:

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

Note 9 - Future Major Repairs & 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 funds. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the major maintenance funds 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.

SUPPLEMENTARY INFORMATION

THE VILLAS AT CANANDAIGUA HOMEOWNERS' ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS & REPLACEMENTS (UNAUDITED)

MARCH 31, 2024

Crofton Perdue Associates, Inc. updated a study May 25, 2024, 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, based on these studies, presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Future Replacement Cost</u>
Roofs	15 to 16	\$571,145
Gutters	15 to 16	\$39,518
Asphalt sealing	Annually	\$2,695 - \$7,005
Asphalt resurface	7 to 15	\$426,321
Pool	1 to 16	\$89,244
Clubhouse	1 to 16	\$191,749
Lamp posts	16	\$64,214
Fountains	2 to 16	\$59,834
Sidewalks	16	\$56,098
Pond dredging	6 to 7	\$17,500
Siding	Annually	\$0 to 10,000
Drainage	3 to 16	\$12,500
Miscellaneous	Annually	\$4,000 - \$7,000

"SEE INDEPENDENT AUDITOR'S REPORT"