

Anthony M. Carello

From: Stephens, Carol <Carol.Stephens@ag.ny.gov>
Sent: Wednesday, March 30, 2022 3:57 PM
To: Anthony M. Carello
Subject: AMENDMENT ACCEPTANCE FOR FILING - H 08-0022 VILLAS AT CANANDAIGUA HOA (THE) - 18TH AMENDMENT

ATTENTION EXTERNAL EMAIL: Use Caution with attachments and links!

Dear Mr. Carello:

The Department of Law (“DOL”) has accepted and filed the above-referenced amendment as of **3/30/2022**. 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.**

If you have any questions or comments, please feel free to contact me. Thank you.

Best Regards,

Carol Stephens

Carol Dancy Stephens/ 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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EIGHTEENTH AMENDMENT
TO OFFERING PLAN FOR
THE VILLAS AT CANANDAIGUA ASSOCIATION, INC.

Dated: March 30, 2022

This is the Eighteenth 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. This Eighteenth Amendment is made to extend the term of the Offering Plan.

1. STATUS OF SALES

As of the date of this Eighteenth 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 XVIII-A. As of the date of this Eighteenth Amendment, there are three (3) 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: Betsy Cox, 3307 Abbey Road, Canandaigua, New York 14424. Ms. Cox is a homeowner.

Secretary/Director: Blair Cummins, 5163 Cheshire Glen, Canandaigua, New York 14424. Mr. Cummins is a homeowner.

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

Member at Large: Rick Steiner, 5117 Cheshire Glen, Canandaigua, New York 14424.
Ms. Steiner is a homeowner.

Member at Large: Dave Williams, 3213 Abbey Road, Canandaigua, New York 14424.
Mr. Williams 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 XVIII-B.

5. FINANCIAL STATEMENTS

Financial statements for the fiscal year of the HOA's operations ending on March 31, 2021 are attached hereto as Exhibit XVIII-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 Eighteenth Amendment, based on the current tax rates, are approximately \$280.09 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 XVIII-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 \$840,524.56. The monthly payments are interest only at an interest rate of 4.75%. This loan matures on February 11, 2022.

ii. Site Development Loan with a current outstanding principal balance of approximately \$192,769.01. The monthly payments are interest only at an interest rate of 4.25%. This loan matures on June 28, 2022.

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 XVIII-A

LIST OF UNSOLD LOTS

Phase IV - Lot Number

Lot No. 230B - under contract
Lot No. 240A
Lot No. 240B
Lot No. 240C
Lot No. 240D
Lot No. 250A
Lot No. 250B
Lot No. 250C
Lot No. 250D
Lot No. 260A
Lot No. 260B
Lot No. 260C
Lot No. 260D
Lot No. 270A
Lot No. 270B - under contract
Lot No. 270C
Lot No. 270D - under contract

17 Total Unsold Lots

EXHIBIT XVIII-B

BUDGET



February 25, 2022

Dear Villas at Canandaigua Homeowner:

The Villas at Canandaigua HOA Board of Directors has approved the enclosed budget for the 2022 / 2023 fiscal year. The Board's sacrifice of personal time and their continued conscientious efforts have resulted in another solid budget. 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 2022/2023 budget as well as Notes to Budget, which explains each budget category. **This Board-approved budget includes no increase in the HOA fee.**

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 \$31.00 (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. Crofton Perdue started offering a way to pay your association fee online through ZEGO. ZEGO allows you to make one payment, or set up autopay/recurring payments with credit & debit cards and checking accounts.

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
☎ 585.248.3840 📠 585.248.3666
E-mail: Info@CroftonInc.com • www.CroftonInc.com

Villas at Canadaigua
HOMEOWNERS ASSOCIATION

Approved Budget - 2022-2023
4/1/22 thru 3/31/23

	Budget 2022 / 2023 105 Homes (\$310/mo)	No Increase
INCOME		
HOA Maintenance Fees	\$ 390,600	105 homes x \$310/month x 12 months
Clubhouse Rental Fees	\$ 450	Homeowner use of clubhouse
Interest Income	\$ 450	Interest earned on Reserve balance
Operations Savings Carried Prior	\$ 16,335	Operations savings prior to 2021/2022 fiscal year
Operations Savings Carried 2021/2022	\$ 25,000	Operations savings 2021/2022 fiscal year
Total Income	\$ 432,835	
Operating Fund		
		Basic Fund Description
1 Audit / Legal / pro eng	\$ 12,000	Combines audit, legal and engineering
2 Clubhouse	\$ 20,380	Cleaning, equipment maintenance repairs and supplies
3 Fertilization	\$ 7,450	Professionally applied lawn chemicals
4 Insurance	\$ 46,235	HOA insurance coverage, common areas / buildings
5 Irrigation	\$ 3,000	Lawn irrigation system: maintenance and repair
6 Landscaping	\$ 53,100	Mowing, mulching, weeding, trimming, bed maintenance
7 Management	\$ 27,000	Crofton Perdue: professional property management
8 Office	\$ 2,825	Office expenses plus committees
9 Pond	\$ 5,000	Chemicals, aerator installation / removal
10 Pool	\$ 4,500	Pool Maintenance, supplies, signage, open/close, furniture, repair
11 Refuse	\$ 24,000	Refuse and recycle disposal
12 Repairs / Maintenance	\$ 43,800	HOA common areas and HOA home repairs / supplies
13 Snow	\$ 48,725	Snow removal from roads & driveways and salting as requested
14 Taxes-Real Estate/Corporate	\$ 2,500	Corporate and real estate taxes
15 Utilities	\$ 18,800	Common area phone, cable, electric, gas, water, sewer
16 Contingency Expenses	\$ 9,120	Unexpected maintenance expenses
Total Operating	\$ 328,435	Operational Expenses
Reserve Fund Contribution	\$ 104,400	Defined Maintenance / Replacement (roads, roofing, siding, etc.)
Total Budget	\$ 432,835	

EXHIBIT XVIII-C

FINANCIAL STATEMENTS

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

**FINANCIAL STATEMENTS
MARCH 31, 2021**

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

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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 sheet as of March 31, 2021, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year 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, 2021, 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 audit 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, including omissions, 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 10 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.

Bruce, DiGuardis & Roy, LLP

Rochester, New York
June 30, 2021

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

**BALANCE SHEET
MARCH 31, 2021**

ASSETS

Assets	
Cash and cash equivalents	\$ 502,832
Accounts receivable from homeowners	270
Prepaid expenses	<u>11,972</u>
Total assets	<u><u>\$ 515,074</u></u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	\$ 5,019
Advance payments from homeowners	8,727
Contract liabilities (assessments received in advance-major maintenance fund)	460,912
Accrued income taxes	<u>280</u>
Total liabilities	<u>474,938</u>
Fund balances	
Operating	40,136
Major maintenance	<u>0</u>
Total fund balances	<u>40,136</u>
	<u><u>\$ 515,074</u></u>

See accompanying notes and independent auditors' report.

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

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2021**

	Operating <u>Fund</u>	Major Maintenance <u>Fund</u>	<u>Total</u>
Revenues			
Common charges	\$ 244,748	\$ 16,063	\$ 260,811
Interest	0	1,939	1,939
Other	1,865	0	1,865
	<hr/>	<hr/>	<hr/>
Total revenues	246,613	18,002	264,615
	<hr/>	<hr/>	<hr/>
Expenses			
Management fees	23,784	0	23,784
Insurance	38,432	0	38,432
Administrative expenses	2,249	0	2,249
Legal and professional	11,068	1,400	12,468
Landscaping	56,119	0	56,119
Trash removal	17,388	0	17,388
Snow removal	39,393	0	39,393
Repairs and maintenance	37,338	16,602	53,940
Utilities	14,105	0	14,105
Property taxes	795	0	795
Bad Debts	4,192	0	4,192
Income taxes	280	0	280
	<hr/>	<hr/>	<hr/>
Total expenses	245,143	18,002	263,145
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenses	1,470	0	1,470
	<hr/>	<hr/>	<hr/>
Transfers	0	0	0
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	38,666	0	38,666
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	\$ 40,136	\$ 0	\$ 40,136
	<hr/>	<hr/>	<hr/>

See accompanying notes and independent auditors' report.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021**

Cash flows from operating activities:	
Excess of revenues under expenses	\$ 1,470
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable from homeowners	30
Due from sponsor	4,192
Prepaid expenses	(593)
Increase (decrease) in:	
Accounts payable	(10,588)
Advance payments from homeowners	2,157
Contract liabilities (assessments received in advance-major maintenance fund)	103,089
Accrued income taxes	<u>(987)</u>
Net cash and cash equivalents provided by operating activities	98,770
Cash flows from investing activities:	
Sale and redemptions of investments	<u>100,303</u>
Net increase in cash and cash equivalents	199,073
Cash and cash equivalents - beginning of year	<u>303,759</u>
Cash and cash equivalents - end of year	\$ <u><u>502,832</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for income taxes	\$ <u><u>1,267</u></u>

See accompanying notes and independent auditors' report.

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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 thirty-two residential townhomes (of which one hundred two 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 over time on a daily pro-rata basis using the input method as disclosed in Note 3 to the financial statements.

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. It is the opinion of management that the Association will ultimately prevail against all of the homeowners whose assessments are delinquent and, accordingly, an allowance for doubtful accounts is not deemed necessary. The Association treats 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, 2021**

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 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

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 June 30, 2021, the date the financial statements were available to be issued. Specific events have been identified in Note 11 to these financial statements.

NOTE 3: NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued guidance that created Topic 606, *Revenue Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate – Common Interest Realty Associations, Revenue Recognition*, and 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.

The Association adopted the new guidance as of April 1, 2020, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning major maintenance fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of April 1, 2020. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities (assessments received in advance-major maintenance fund).

See independent auditors' report.

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

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021**

NOTE 3: NEW ACCOUNTING GUIDANCE IMPLEMENTATION (CONTINUED)

The adoption of the new revenue recognition guidance resulted in the following change to major maintenance fund balance as of April 1, 2020:

Major maintenance fund balance, as previously reported at April 1, 2020	\$ 357,823
Adjustment	<u>(357,823)</u>
Major maintenance fund balance, as adjusted at April 1, 2020	\$ <u>0</u>

The effect of the adoption is a decrease in assessments by \$357,823, which is recorded as a contract liability at April 1, 2020. The Association had no customer contract modifications that had an effect on the Association's transition to the new guidance.

**NOTE 4: CONTRACT LIABILITIES (ASSESSMENTS RECEIVED IN ADVANCE-
MAJOR MAINTENANCE FUND)**

Contract liabilities (assessments received in advance-major maintenance fund) records the deferral of assessments allocated to the major maintenance fund as a result of the adoption of the new revenue recognition policy described in Note 3.

The implementation of this new policy requires assessments budgeted for the major maintenance fund to be deferred as follows:

Budgeted assessments for the year ended March 31, 2021	\$ 119,152
Assessments deferred in the current year	(103,089)
Assessments previously deferred recognized in the current year	<u>0</u>
Major maintenance assessments at March 31, 2021	\$ <u>16,063</u>

As of March 31, 2021, contract liabilities (assessments received in advance-major maintenance fund) is recorded as follows:

Contract liabilities, as of April 1, 2020	\$ 357,823
Assessments deferred in the current year	<u>103,089</u>
Contract liabilities, as of March 31, 2021	\$ <u>460,912</u>

See independent auditors' report.

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

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021**

NOTE 5: OWNERS' ASSESSMENTS

Monthly assessments to owners for the year ended March 31, 2021 were \$300, 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, 2021, monthly common charges increased to \$310.

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 \$20 per sold lot for the year ending March 31, 2022.

NOTE 7: SPONSOR CONTRIBUTION

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

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. Accumulated funds, which aggregate \$357,823 at April 1, 2020, are presented in the accompanying balance sheet as contract liabilities (assessments received in advance-major maintenance fund) at March 31, 2021.

The board of directors and the management company determine the 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. As of March 31, 2021 the Association had an uninsured cash balance of \$8,360.

See independent auditors' report.

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

NOTE 10: RECLASSIFICATION

Certain amounts in the prior period statement of revenues, expenses and changes in fund balances have been reclassified to conform to the presentation of the current period statement of revenues, expenses, and changes in fund balances. These amounts effected the previously reported fund balances as described in Note 3 to conform to the new revenue recognition policy implemented in the year ended March 31, 2021.

NOTE 11: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is expected to be temporary, there is some uncertainty about homeowners' continued ability to pay common charges. This could have a negative impact on operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

See independent auditors' report.

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

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS**

MARCH 31, 2021

Crofton Perdue Associates, Inc. prepared a study dated November 20, 2020, 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 unaudited table is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Roofs	14 to 19	\$ 830,000
Gutters	18 to 19	39,518
Asphalt sealing	Annually	4,700 - 5,800
Asphalt resurface	10 to 19	426,321
Pool	3 to 19	88,901
Clubhouse	1 to 19	207,351
Lamp posts	19	64,214
Fountains	5 to 19	59,834
Sidewalks	19	56,098
Paint/caulk	Annually	7,500 - 10,000
Landscape/trees	2 to 18	4,500
Drainage	3 to 6	10,000

See independent auditors' report.