

***TIDEVIEW ESTATES
CONDOMINIUM ASSOCIATION***

***Reviewed Financial Statements and
Supplementary Information***

***For The Year Ended
December 31, 2018***

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members of
Tideview Estates Condominium Association
Dover, New Hampshire

We have reviewed the accompanying financial statements of Tideview Estates Condominium Association, which comprise the balance sheet as of December 31, 2018, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entities management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary schedule for future major repairs and replacements on page 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Penchansky & Co PLLC

Penchansky & Co., PLLC
Certified Public Accountants
Manchester, New Hampshire

February 15, 2019

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION

Balance Sheet

As of December 31,

	<u>Operating</u>	<u>Reserve</u>	<u>2018</u>
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets:</u>			
Cash and Equivalents	\$ 47,572	\$ 48,393	\$ 95,965
Member Assessments Receivable	6,954	0	6,954
Prepaid Expenses	7,387	0	7,387
Due from Operating Fund	<u>0</u>	<u>4,478</u>	<u>4,478</u>
Total Current Assets	<u>61,913</u>	<u>52,871</u>	<u>114,784</u>
<u>Other Assets:</u>			
Closing Cost - Net of Amortization	<u>0</u>	<u>10,363</u>	<u>10,363</u>
Total Assets	<u>\$ 61,913</u>	<u>\$ 63,234</u>	<u>\$ 125,147</u>
<u>Liabilities and Fund Balances</u>			
<u>Current Liabilities:</u>			
Member Assessments Received in Advance	\$ 7,223	\$ 0	\$ 7,223
Due to Reserve Fund	4,478	0	4,478
Note Payable - Current	<u>0</u>	<u>39,206</u>	<u>39,206</u>
Total Current Liabilities	<u>11,701</u>	<u>39,206</u>	<u>50,907</u>
<u>Non Current Liabilities:</u>			
Note Payable - Net of Current	<u>0</u>	<u>211,547</u>	<u>211,547</u>
Total Liabilities	<u>11,701</u>	<u>250,753</u>	<u>262,454</u>
<u>Fund Balances:</u>			
Fund Balances	<u>50,212</u>	<u>(187,519)</u>	<u>(137,307)</u>
Total Liabilities and Fund Balances	<u>\$ 61,913</u>	<u>\$ 63,234</u>	<u>\$ 125,147</u>

See Notes and Independent Accountant's Review Report

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Statements of Revenues, Expenses, and Changes in Fund Balance
For The Year Ended December 31,

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>2018 Total</u>
<u>Revenues:</u>			
Member Assessments	\$ 160,000	\$ 80,000	\$ 240,000
Window & Door Replacement Income	0	26,828	26,828
Other Member Income	5,596	4,800	10,396
Insurance Claim Income	7,805	0	7,805
Interest Income	0	55	55
	<u>173,401</u>	<u>111,683</u>	<u>285,084</u>
<u>Expenses:</u>			
Insurance	36,439	0	36,439
Landscaping	29,030	0	29,030
Snow Removal	26,000	0	26,000
Repair and Maintenance	29,032	0	29,032
Management and Administration	25,242	0	25,242
Professional Fees	6,853	0	6,853
Utilities	4,446	0	4,446
Septic	1,507	0	1,507
Tax	121	0	121
Insurance Claim Repair	7,805	0	7,805
Window & Door Replacement Expense	0	36,645	36,645
Interest	0	13,604	13,604
Amortization	0	1,337	1,337
Drainage	0	12,518	12,518
Bad Debt	200	0	200
	<u>166,675</u>	<u>64,104</u>	<u>230,779</u>
Total Expenses			
Excess (Deficiency) of Revenues over Expenses	6,726	47,579	54,305
Fund Balances - Beginning	54,797	(246,409)	(191,612)
Board Designated Fund Transfer	<u>(11,311)</u>	<u>11,311</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 50,212</u>	<u>\$ (187,519)</u>	<u>\$ (137,307)</u>

See Notes and Independent Accountant's Review Report

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Statement of Cash Flows
For The Year Ended December 31,

	<u>Operating</u> <u>Fund</u>	<u>Reserve</u> <u>Fund</u>	<u>2018</u> <u>Totals</u>
<u>Cash Flows from Operating Activities:</u>			
Excess (Deficiency) of Revenues over Expenses	\$ 6,726	\$ 47,579	\$ 54,305
<u>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities</u>			
Amortization	0	1,337	1,337
Board Designated Fund Transfer	(11,311)	11,311	0
(Increase) Decrease in Member Assessments Receivable	(1,856)	0	(1,856)
(Increase) Decrease in Prepaid Expenses	(404)	0	(404)
Increase (Decrease) in Accounts Payable	(55)	0	(55)
Increase (Decrease) in Member Assessments Received in Advance	5,220	0	5,220
Total Adjustments	(8,406)	12,648	4,242
Net Cash Provided (Used) by Operating Activities	(1,680)	60,227	58,547
<u>Cash Flows from Financing Activities:</u>			
Interfund Loan Activity	4,478	(4,478)	0
Payments on Notes Payable	0	(57,106)	(57,106)
Net Cash Provided (Used) by Financing Activities	4,478	(61,584)	(57,106)
Net Increase (Decrease) in Cash and Equivalents	2,798	(1,357)	1,441
Cash and Equivalents - Beginning	44,774	49,750	94,524
Cash and Equivalents - Ending	\$ 47,572	\$ 48,393	\$ 95,965

See Notes and Independent Accountant's Review Report

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Statement of Cash Flows
For The Year Ended December 31,

	Operating	Reserve	2018
	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>

Supplemental Disclosure of Cash Flow

Cash paid during the period for:

Taxes	\$ <u>121</u>	\$ <u>0</u>	\$ <u>121</u>
Interest	\$ <u>0</u>	\$ <u>13,604</u>	\$ <u>13,604</u>

See Notes and Independent Accountant's Review Report

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Notes to the Financial Statements
For The Year Ending December 31, 2018

Nature of Organization:

Tideview Estates Condominium Association (the Association) was formed in January 2000, in the state of New Hampshire. The Association is responsible for the operation and maintenance of the common property within the development. The Association consists of 100 residential units located in Dover, New Hampshire.

NOTE 1 - Summary of Significant Accounting Policies:

A. Funds and Method of Accounting

The Association's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the related liability is incurred.

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.

Reserve Fund - This fund is used to accumulate financial resources designated by the Board of Directors for future major repairs and replacements.

B. Owner's Assessments

Association members are subject to monthly assessments to provide funds for the Association's expenses, future capital acquisitions, and major repairs and replacements. Monthly assessments to owners for the year ended December 31, 2018 were \$200 per month.

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TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Notes to the Financial Statements
For The Year Ending December 31, 2018

NOTE 1 - Summary of Significant Accounting Policies – Continued:

C. Cash and Cash Equivalents

For purposes of reporting cash flows, the Association considers all money market funds purchased with an original maturity of three months or less to be cash equivalents.

D. Use of Estimates in the Preparation of Financial Statements

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

E. Fixed Assets

Real property and related improvements to such property are not record in the Association's financial statements because the individual unit owners in common own those properties, not the Association.

F. Member Assessments Receivables and Un-collectible Assessments (Bad Debts)

The adequacy of the allowance for doubtful accounts is reviewed on an ongoing basis by the Association's management and adjusted as required through bad debt expense. Member assessments receivable are reported at net realized value. Net realizable value is equal to the gross amount of receivables less an estimated allowance for uncollectible accounts. The allowance for bad debt was \$0 at December 31, 2018.

NOTE 2 - Income Taxes:

Residential condominium associations may be taxed either as condominium management associations under IRC Section 528, or as regular corporations under IRS Section 277. For the year ended December 31, 2018, the Association elected to be taxed under IRC Section 528.

The Association's evaluation on December 31, 2018 revealed no uncertain tax positions that would have a material impact on the financial statements. The Association's tax returns remain subject to examination by taxing authorities for a period of three years

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TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Notes to the Financial Statements
For The Year Ending December 31, 2018

NOTE 3 - Future Major Repairs and Replacements:

The Association's governing documents require funds to be accumulated for future major repairs and replacements. The fund totaled a deficit of \$187,519 at December 31, 2018. The cash portion of this reserve fund totaled \$48,393 at December 31, 2018 and is held in separate accounts and is generally not available for operating purposes.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. **Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs.**

However, if additional funds are needed the Association has the right, subject to board approval, to increase regular assessments, or may delay major repairs and replacements until funds are available. See the supplementary information on future major repairs and replacements.

NOTE 4 - Administration and Management:

The Association has entered into an on-going management contract with Evergreen Harvard Group ("Evergreen"). Evergreen is to act on the Board's behalf in managing the day-to-day affairs of the Association such as collecting monthly dues, maintenance of Association financial records, maintenance of Association property, etc. Evergreen also provides various services for the Association on an agreed upon basis. In addition, the Association uses the services of a contractor with common ownership with Evergreen on an agreed upon basis.

Note 5 – Intangible Assets

The Association had the following intangible assets:

Loan Costs	Gross Carrying Amount	Accumulated Amortization
December 31, 2018	\$ 14,040	\$ 3,677

Amortization expense for the next five years and thereafter is:

December 31,	2019	\$ 1,337
	2020	1,337
	2021	1,337
	2022	1,337
	2023	1,337
	Thereafter	3,678
	Total	\$ <u>10,363</u>

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Notes to the Financial Statements
For The Year Ending December 31, 2018

Note 6 – Notes Payable:

2018

Note payable to a bank, secured by the assets of the Association. Payable monthly based upon a ten-year amortization with a fixed interest rate of 4.87% thru March 23, 2021, a fixed interest rate of the Federal Home Loan Bank 5 Year Classic Advance Rate at March 23, 2021 thru March 23, 2026 and a fixed interest rate of the Federal Home Loan Bank 5 Year Classic Advance rate at March 23, 2026 thru loan maturity at September 23, 2026. Because of additional principal payments made by the Association, as of December 31, 2018 the note is expected to mature on August 23, 2024

	\$ <u>250,753</u>
Total Notes Payable	250,753
Less: Current Portion of Notes Payable	<u>(39,206)</u>
Total Long-Term Notes Payable	\$ <u>211,547</u>

Note payments for the next five years and thereafter are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ 39,206
2020	41,187
2021	43,268
2022	45,454
2023	47,750
Thereafter	<u>33,888</u>
Total	\$ <u>250,753</u>

Note 7 – Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition and disclosure through February 15, 2019, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION
Supplementary Information on Future Major Repairs and Replacements
For The Year Ended December 31, 2018

FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's board of directors along with the management company conducted a study dated May 2018 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property.

Components	Estimated Replacement Dates	Estimated Current Replacement Costs Thru 2030
Roofs	2027 thru 2031	\$ 625,000
Privacy Fences	2030 thru 2031	75,000
Generator	2038 thru 2039	4,000
Windows and Doors	2019 thru 2048	147,000
Sewer Pumps	2020 thru 2021	20,000
Roads	2040	400,000
Loan Interest	2019 thru 2024	39,454
Concrete Slabs/Steps	2022 thru 2026	75,000
Total		\$ <u>1,385,454</u>

The reserve fund balance has not been allocated to the components of this information.

See Independent Accountant's Report