

COUNTRY ESTATES
CONDOMINIUM TRUST

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

DECEMBER 31, 2021

COUNTRY ESTATES CONDOMINIUM TRUST

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Country Estates Condominium Trust
Townsend, Massachusetts

We have reviewed the accompanying financial statements of Country Estates Condominium Trust which comprise the balance sheet as of December 31, 2021 and the related statements of revenues, expenses and changes in fund balance, and statement of 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 Association 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

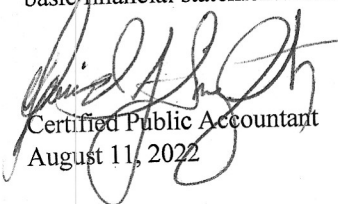
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting 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

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.


Certified Public Accountant
August 11, 2022

COUNTRY ESTATES CONDOMINIUM TRUST
BALANCE SHEET
DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
<u>Current Assets:</u>			
Cash in Bank	\$ 22,133	\$125,849	\$147,982
Assessments receivable	52,071	-	52,071
Prepaid Expenses	2,107	-	2,107
Due from replacement fund	<u>96,250</u>	<u>-</u>	<u>96,250</u>
Total Current Assets	<u>172,561</u>	<u>125,849</u>	<u>298,410</u>
<u>Property and Equipment:</u>			
Condominium Unit	12,912	-	12,912
Less: Accumulated Depreciation	<u>10,673</u>	<u>-</u>	<u>10,673</u>
Net Book Value	<u>2,239</u>	<u>-</u>	<u>2,239</u>
<u>Total Assets</u>	<u>\$174,800</u>	<u>\$125,849</u>	<u>\$300,649</u>

LIABILITIES AND FUND BALANCE

<u>Current Liabilities:</u>			
Accounts Payable	\$ 25	\$ -	\$ 25
Prepaid Assessments	4,811	-	4,811
Income Taxes Payable	1,492	70	1,562
Security deposit	601	-	601
Key/Bin deposits	3,000	-	3,000
Due to operating fund	-	96,250	96,250
Contract Liabilities (Assessments Received in Advance-Replacement Funds)	<u>-</u>	<u>29,529</u>	<u>29,529</u>
Total Current Liabilities	9,929	125,849	135,778
<u>Fund Balance</u>	<u>164,871</u>	<u>-</u>	<u>164,871</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$174,800</u>	<u>\$125,849</u>	<u>\$300,649</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

COUNTRY ESTATES CONDOMINIUM TRUST
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED
DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<u>Revenues:</u>			
Unit Owner Assessments	\$259,001	\$ 108	\$259,109
Laundry Income	17,696	-	17,696
Rental Income	10,525	-	10,525
Other Income	39,319	-	39,319
Interest Income	<u>-</u>	<u>58</u>	<u>58</u>
Total Revenues	<u>326,541</u>	<u>166</u>	<u>326,707</u>
<u>Operating Expenses:</u>			
Repairs, Maintenance & Replacement	199,555	-	199,555
Electric	35,933	-	35,933
Insurance	32,855	-	32,855
Water	29,483	-	29,483
Telephone	8,242	-	8,242
Trash Removal	6,000	-	6,000
Bookkeeping and Administrative Services	1,691	-	1,691
Legal and Accounting	9,077	-	9,077
Income taxes	1,492	70	1,562
Real Estate Taxes	1,957	-	1,957
Office Supplies and Expense	3,246	-	3,246
Miscellaneous	1,253	-	1,253
Depreciation	469	-	469
Interest	<u>-</u>	<u>96</u>	<u>96</u>
Total Expenses	<u>331,253</u>	<u>166</u>	<u>331,419</u>
Excess of Expenses Over Revenues	(4,712)	-	(4,712)
Fund Balance, Beginning	<u>169,583</u>	<u>-</u>	<u>169,583</u>
<u>Fund Balance, End</u>	<u>\$164,871</u>	<u>\$ -</u>	<u>\$164,871</u>

COUNTRY ESTATES CONDOMINIUM TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>			
Excess of Expenses Over Revenues	\$ (4,712)	\$ -	\$ (4,712)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation	469	-	469
(Increase) decrease in:			
Assessments receivable	(49,689)	-	(49,689)
Prepaid expenses	(2,107)	-	(2,107)
Increase (decrease) in:			
Accounts Payable	(2,447)	-	(2,447)
Income Taxes Payable	137	-	137
Key/Bid Deposits	750	-	750
Due to/from related funds	41,810	(41,810)	-
Contract Liabilities (Assessments Received in Advance-Replacement Funds)	-	(6)	(6)
Net Cash Provided by(Used In) Operating Activities	<u>(15,789)</u>	<u>(41,816)</u>	<u>(57,605)</u>
<u>Cash Flows From Financing Activities:</u>			
Payments of Long Term Debt	-	(8,153)	(8,153)
Net Cash Provided by(Used In) Financing Activities	-	(8,153)	(8,153)
Net Increase(Decrease) in Cash	(15,789)	(49,969)	(65,758)
Cash, Beginning	<u>37,922</u>	<u>175,818</u>	<u>213,740</u>
<u>Cash, End</u>	<u>\$ 22,133</u>	<u>\$ 125,849</u>	<u>\$ 147,982</u>

Supplemental Information

Accounting Policies Note - For purposes of the statement of cash flows the Trust considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Interest Paid - During 2021, the Trust paid interest totaling \$96.

Income Taxes - The Trust made income tax payments of \$1,425 during 2021.

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

COUNTRY ESTATES CONDOMINIUM TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(A) Summary of Significant Accounting Policies

Nature of Organization

Country Estates Condominium Trust is an unincorporated association of 82 condominium units located in Townsend, Massachusetts. The Trust is responsible for the operation and maintenance of common property within the development and is approximately thirty-seven years old.

Fund Accounting

To ensure observance of limitations and restrictions on the use of financial resources, the Trust 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 Trust.

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

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 is 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. 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 homeowners whose assessments are three months or more delinquent. As of December 31, 2021, an allowance for doubtful accounts is not deemed necessary. The Association provides for doubtful accounts based on experience and analysis of individual accounts. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Assessments Receivable

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. The balances of assessments receivable as of the end of the year was \$52,071.

Prepaid Assessments

Assessments received in advance for the subsequent year are recognized as prepaid assessments on the accompanying balance sheet.

Contract Liabilities (Assessments received in advance – replacement fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive the payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the end of the year was \$29,529.

*used To Be fund
BALANCE Reserve*

COUNTRY ESTATES CONDOMINIUM TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interest Income

The Association's policy is to allocate to the operating and replacement funds all interest earned on their respective cash accounts.

Concentrations of Credit Risk

Financial instruments that potentially subject the Trust to concentrations of credit risk consist principally of temporary cash investments. The Trust places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. As of December 31, 2021, the Trust had no significant concentrations of credit risk.

Assessment Receivable

Trust members are subject to monthly assessments to provide funds for the Trust's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at December 31, 2021 represent fees due from unit owners.

Property and Equipment

Property and common areas acquired from the developer and related improvements to such property are not recorded in the Trust's financial statement because those properties are owned by the individual unit owners in common and not by the Trust.

In May 1997, the Trust took title to one of the condominium units as a result of a settlement with a former unit owner over delinquent assessments totaling \$12,912. This unit is being depreciated on a straight-line basis over a 27.5 year life.

Income Taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2021, the Trust elected to be taxed as a homeowners' association.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2019.

COUNTRY ESTATES CONDOMINIUM TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(B) Future Major Repairs and Replacements

The Trust's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds which totaled \$125,849 at December 31, 2021, are held in separate accounts and are generally not available for operating purposes.

The Trust is funding major repairs and replacements based on estimates of current replacement costs, and estimated lives of the components. 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. If additional funds are needed, the Trust has the right to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

(C) Subsequent Events

The Trust has evaluated subsequent events through August 11, 2022, the date the financial statements were available to be issued.