

HERITAGE PARK ESTATES CONDOMINIUM TRUST

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

WITH

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

HERITAGE PARK ESTATES CONDOMINIUM TRUST

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Members
Heritage Park Estates Condominium Trust
Whitinsville, Massachusetts

We have reviewed the accompanying financial statements of **Heritage Park Estates Condominium Trust**, which comprise the balance sheet as of December 31, 2015 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 company 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.

Accountants' 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.

Accountants' 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.



Summarized Comparative Information

We previously reviewed **Heritage Park Estates Condominium Trust's** 2014 financial statements and in our conclusion dated February 18, 2015, stated that based on our review, we were not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2014, for it to be consistent with the reviewed financial statements from which it has been derived.

Supplementary Information

The supplementary information on future major repairs and replacements on Page 10 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. That information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but was compiled from information that is the representation of management of Heritage Park Estates Condominium Trust without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Stacy Ebbels + Blanchetto, LLP

Worcester, Massachusetts

February 4, 2016

HERITAGE PARK ESTATES CONDOMINIUM TRUST

Balance Sheet
December 31, 2015
(With Comparative Totals for 2014)

	Assets				Total All Funds	
	Operating Fund	Property Fund	Replacement Fund	Eliminations	2015	2014
Property						
Building	\$ -	\$ 264,090	\$ -	\$ -	\$ 264,090	\$ 264,090
Equipment	-	80,122	-	-	80,122	80,122
Accumulated depreciation	-	(138,610)	-	-	(138,610)	(119,028)
	<u>-</u>	<u>205,602</u>	<u>-</u>	<u>-</u>	<u>205,602</u>	<u>225,184</u>
Other assets						
Cash	28,141	-	51,845	-	79,986	70,537
Condominium fees receivable	5,312	-	-	-	5,312	10,975
Prepaid taxes	28	-	-	-	28	-
Due from operating fund	-	-	61,741	(61,741)	-	-
Due from property fund	374,962	-	-	(374,962)	-	-
	<u>408,443</u>	<u>-</u>	<u>113,586</u>	<u>(436,703)</u>	<u>85,326</u>	<u>81,512</u>
Total assets	<u>\$ 408,443</u>	<u>\$ 205,602</u>	<u>\$ 113,586</u>	<u>\$ (436,703)</u>	<u>\$ 290,928</u>	<u>\$ 306,696</u>
	Liabilities and Fund Balances					
Due to operating fund	\$ -	\$ 374,962	\$ -	\$ (374,962)	\$ -	\$ -
Due to replacement fund	61,741	-	-	(61,741)	-	-
Deferred revenue	-	19,169	-	-	19,169	22,552
Taxes withheld	3,704	-	-	-	3,704	3,209
Deferred condominium fees	-	-	-	-	-	2,671
	<u>65,445</u>	<u>394,131</u>	<u>-</u>	<u>(436,703)</u>	<u>22,873</u>	<u>28,432</u>
Fund balances	<u>342,998</u>	<u>(188,529)</u>	<u>113,586</u>	<u>-</u>	<u>268,055</u>	<u>278,264</u>
Total liabilities and fund balances	<u>\$ 408,443</u>	<u>\$ 205,602</u>	<u>\$ 113,586</u>	<u>\$ (436,703)</u>	<u>\$ 290,928</u>	<u>\$ 306,696</u>

See independent accountants' review report and
notes to financial statements

HERITAGE PARK ESTATES CONDOMINIUM TRUST

Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)

	Operating Fund	Property Fund	Replacement Fund	Eliminations	Total All Funds	
					2015	2014
Revenues						
Condominium fee income	\$ 573,228	\$ -	\$ 105,516	\$ -	\$ 678,744	\$ 675,864
Interest income	-	-	83	-	83	80
Special assessment income	50,263	-	-	-	50,263	19,577
Other fee income	9,366	-	-	-	9,366	6,046
	<u>632,857</u>	<u>-</u>	<u>105,599</u>	<u>-</u>	<u>738,456</u>	<u>701,567</u>
Expenses						
Maintenance	313,565	-	101,347	-	414,912	336,612
Insurance	85,129	-	-	-	85,129	77,418
Trash removal	29,661	-	-	-	29,661	29,616
Utilities	22,169	1,913	-	-	24,082	31,912
Water and sewer	65,308	-	-	-	65,308	72,570
Wages	90,956	-	-	-	90,956	89,164
Payroll taxes	7,923	-	-	-	7,923	7,549
Federal taxes	-	-	-	-	-	(1,015)
Other taxes, permits and fees	-	731	-	-	731	982
Office supplies	3,466	-	-	-	3,466	3,887
Bank fees	42	-	-	-	42	55
Telephone	1,463	-	-	-	1,463	1,402
Professional fees	4,500	-	-	-	4,500	4,950
Depreciation	-	19,582	-	-	19,582	16,334
Auto expense	910	-	-	-	910	910
	<u>625,092</u>	<u>22,226</u>	<u>101,347</u>	<u>-</u>	<u>748,665</u>	<u>672,346</u>
Excess (deficiency) of revenues over expenses	7,765	(22,226)	4,252	-	(10,209)	29,221
Fund balances - beginning	<u>335,233</u>	<u>(166,303)</u>	<u>109,334</u>	<u>-</u>	<u>278,264</u>	<u>249,043</u>
Fund balances - ending	<u>\$ 342,998</u>	<u>\$ (188,529)</u>	<u>\$ 113,586</u>	<u>\$ -</u>	<u>\$ 268,055</u>	<u>\$ 278,264</u>

See independent accountants' review report and notes to financial statements

HERITAGE PARK ESTATES CONDOMINIUM TRUST

Statement of Cash Flows
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)

	Operating Fund	Property Fund	Replacement Fund	Eliminations	Total All Funds	
					2015	2014
Cash flows from operating activities						
Excess (deficiency) of revenues over expenses	\$ 7,765	\$ (22,226)	\$ 4,252	\$ -	\$ (10,209)	\$ 29,221
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used for) operating activities:						
Depreciation	-	19,582	-	-	19,582	16,334
(Increase) decrease in:						
Condominium fees receivable	5,663	-	-	-	5,663	(3,914)
Prepaid taxes	(28)	-	-	-	(28)	-
Due from other funds	(6,027)	-	(280)	6,307	-	-
Increase (decrease) in:						
Deferred revenue	-	(3,383)	-	-	(3,383)	(3,382)
Deferred condominium fees	(2,671)	-	-	-	(2,671)	-
Due to other funds	280	6,027	-	(6,307)	-	-
Taxes withheld	495	-	-	-	495	313
Net cash provided by operating activities	<u>5,477</u>	<u>-</u>	<u>3,972</u>	<u>-</u>	<u>9,449</u>	<u>38,572</u>
Cash flows from investing activities						
Purchases of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,184)</u>
Net increase (decrease) in cash	5,477	-	3,972	-	9,449	(34,612)
Cash - beginning	<u>22,664</u>	<u>-</u>	<u>47,873</u>	<u>-</u>	<u>70,537</u>	<u>105,149</u>
Cash - ending	<u>\$ 28,141</u>	<u>\$ -</u>	<u>\$ 51,845</u>	<u>\$ -</u>	<u>\$ 79,986</u>	<u>\$ 70,537</u>

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HERITAGE PARK ESTATES CONDOMINIUM TRUST

**Statement of Cash Flows (Continued)
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)**

	Operating Fund	Property Fund	Replacement Fund	Eliminations	Total All Funds	
					2015	2014
Supplemental disclosures of cash flows information						
Cash paid during the year for:						
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**See independent accountants' review report and
notes to financial statements**

HERITAGE PARK ESTATES CONDOMINIUM TRUST

Notes to Financial Statements For the Year Ended December 31, 2015

1. Nature of Organization

Heritage Park Estates Condominium Trust (the Association) is a homeowners' association which was organized on January 18, 1985 in the Commonwealth of Massachusetts. The Association is responsible for the operation and maintenance of the common property within a development of 218 residential units located in Whitinsville, Massachusetts.

2. Summary of Significant Accounting Policies

Fund Accounting

The Association's governing documents provide guidelines 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:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Property Fund – This fund is used to account for the financial resources associated with the management and ownership of real estate investments.

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

The Association prepares its financial statements on the accrual basis of accounting, whereby revenues are generally recognized when earned and expenses are generally recognized when incurred.

The financial statements include prior-year summarized comparative information in total but not by fund category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014; from which the summarized information was derived.

Interest Income

Interest income is allocated to the replacement fund.

Property

The Association capitalizes, at cost, all property to which it has title or other evidence of ownership with the exception of real property directly associated with the units. According to the Association's governing documents, two thirds of all unit owners must approve of dispositions of any common real property.

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HERITAGE PARK ESTATES CONDOMINIUM TRUST

Notes to Financial Statements For the Year Ended December 31, 2015

2. Summary of Significant Accounting Policies (Continued)

Depreciation

Depreciation is computed using the straight-line method at rates sufficient to write off the cost of the applicable assets over their estimated useful lives.

Income Taxes

Homeowners' associations may be taxed as homeowners' associations or as regular corporations. For the year ended December 31, 2015, the Association was taxed federally as a regular corporation.

The Association evaluates all significant tax positions as required by generally accepted accounting principles in the United States of America. As of December 31, 2015, the Association does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would increase or decrease within the next twelve months. The Association's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2015, the Association's federal and Massachusetts returns generally remain open for the last three years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

The Association has evaluated subsequent events through February 4, 2016, the date which the financial statements were available to be issued.

3. Deferred Revenue

In March 2012, the Association received a one-time payment in the amount of \$32,700 for a nonexclusive installation and service agreement with a local vendor. This agreement is effective through August 31, 2021. The Association is recognizing the revenue over the life of the agreement and is included with Other fee income on the Statement of Revenues, Expenses and Changes in Fund Balances. During 2015, the Association recognized \$3,383 of revenue related to this agreement.

HERITAGE PARK ESTATES CONDOMINIUM TRUST

Notes to Financial Statements
For the Year Ended December 31, 2015

4. **Future Major Repairs and Replacements**

The Association is funding future major repairs and replacements over the estimated useful lives of the components based on estimates of future replacement costs, considering amounts previously accumulated in the replacement fund. 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, however, the Association has the right, subject to member approval, to increase regular assessments, levy special assessments, or to delay major repairs and replacements until funds are available.

See independent accountants' review report

HERITAGE PARK ESTATES CONDOMINIUM TRUST

Supplementary Information on Future Major Repairs and Replacements For the Year Ended December 31, 2015

On-Site Insight, a consulting company, conducted a study in December, 2014 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. Funding requirements consider an annual inflation rate of 3% and interest at 2% on amounts funded for future major repairs and replacements.

The following table was used in the study and presents significant information about the components of common property:

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Future Replacement Costs</u>	<u>Components of Fund Balances at 12/31/2015</u>
Site surfaces and structures	1 - 20	\$ 1,593,270	\$ 58,527
Building mechanical and electrical	1 - 20	132,294	4,860
Building architectural	1 - 20	<u>1,366,577</u>	<u>50,199</u>
Total		<u>\$ 3,092,141</u>	<u>\$ 113,586</u>

The independent accountants' review report should be
read with this supplementary schedule