

**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Robin Hood Lake Lot Owners Association  
Kresgeville, Pennsylvania

Management is responsible for the accompanying financial statements of Robin Hood Lake Lot Owners Association, which comprise the balance sheets as of December 31, 2016, 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property 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, 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 not audited, reviewed, or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

We have previously audited the Robin Hood Lake Lot Owners Association's financial statements for the year ended December 31, 2015, and we expressed an unmodified opinion on them in our report dated September 7, 2016. We have not performed any auditing procedures since that date.

*Kirk, Summa & Co., LLP*

East Stroudsburg, Pennsylvania  
September 15, 2017

**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION  
BALANCE SHEETS  
DECEMBER 31, 2016**

	2016			2015
	OPERATING FUND	REPLACEMENT FUND	TOTAL	Total (for Comparative Purposes only)
<b>ASSETS</b>				
Cash	\$ 3,176	\$ 12,693	\$ 15,869	\$ 13,311
Assessments receivable - net of allowance for doubtful accounts	105,979	-	105,979	124,094
Prepaid expenses	3,902	-	3,902	2,657
Due (to) from other funds	(5,000)	5,000	-	-
Cash for improvements	10,026	-	10,026	3,478
Other current assets	481	-	481	481
<b>TOTAL ASSETS</b>	<u>\$ 118,564</u>	<u>\$ 17,693</u>	<u>\$ 136,257</u>	<u>\$ 144,021</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Payroll & withholding taxes payable	\$ -	\$ -	\$ -	\$ 1,025
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025</u>
 <b>FUND BALANCES</b>				
Undesignated	114,748	-	114,748	121,492
Designated for replacements	-	17,693	17,693	17,688
Designated for improvements	3,816	-	3,816	3,816
<b>TOTAL FUND BALANCES</b>	<u>118,564</u>	<u>17,693</u>	<u>136,257</u>	<u>142,996</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 118,564</u>	<u>\$ 17,693</u>	<u>\$ 136,257</u>	<u>\$ 144,021</u>

See accompanying notes and independent accountant's compilation report.

**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016			2015
	OPERATING FUND	REPLACEMENT FUND	TOTAL	Total (for Comparative Purposes only)
<b>REVENUES</b>				
Operating assessments	\$ 115,842	\$ -	\$ 115,842	\$ 146,859
Capital improvement fees	6,930	-	6,930	6,720
Bank interest income	30	5	35	28
Member late fees	4,252	-	4,252	14,274
Miscellaneous income	2,226	-	2,226	3,392
<b>TOTAL REVENUES</b>	<u>129,280</u>	<u>5</u>	<u>129,285</u>	<u>171,273</u>
<b>EXPENSES</b>				
Advertising	84	-	84	191
Bank charges	232	-	232	-
Collection fees	7,628	-	7,628	1,431
Insurance	9,684	-	9,684	12,190
Landscaping	4,500	-	4,500	3,800
Management fees	12,000	-	12,000	12,000
Miscellaneous	1,133	-	1,133	1,755
Office	2,792	-	2,792	3,018
Professional fees	8,427	-	8,427	1,645
Recreation	2,526	-	2,526	2,143
Repairs and maintenance	5,253	-	5,253	24,976
Road maintenance	61,066	-	61,066	70,835
Trash removal	570	-	570	350
Utilities	4,901	-	4,901	5,036
Real estate taxes	826	-	826	339
Wages	13,434	-	13,434	16,173
Payroll taxes	968	-	968	2,015
<b>TOTAL EXPENSES</b>	<u>136,024</u>	<u>-</u>	<u>136,024</u>	<u>157,897</u>
<b>OTHER REVENUE (EXPENSES)</b>				
Transfers	-	-	-	-
<b>TOTAL OTHER REVENUE (EXPENSES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	(6,744)	5	(6,739)	13,376
<b>FUND BALANCES-beginning of year</b>	125,308	17,688	142,996	129,620
<b>FUND BALANCES-end of year</b>	<u>\$ 118,564</u>	<u>\$ 17,693</u>	<u>\$ 136,257</u>	<u>\$ 142,996</u>

See accompanying notes and independent accountant's compilation report.

**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
	OPERATING FUND	(For Comparative Purposes only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenses	\$ (6,744)	\$ 21,968
ADJUSTMENTS TO RECONCILE EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
(Increase) Decrease in assets:		
Assessments receivable	18,115	(28,220)
Prepaid expenses	(1,245)	140
Other assets	(6,548)	9,699
 Increase (Decrease) in liabilities:		
Accounts payable	-	(2,443)
Payroll & withholding taxes payable	(1,025)	(245)
Prepaid assessments	-	(449)
TOTAL ADJUSTMENTS	9,297	(21,518)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,553	450
 INCREASE IN CASH	2,553	450
CASH AT BEGINNING OF YEAR	623	173
CASH AT END OF YEAR	\$ 3,176	\$ 623
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

See accompanying notes and independent accountant's compilation report.

**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 – NATURE OF ASSOCIATION**

Robin Hood Lake Lot Owners Association, the "Association", was incorporated on July 1, 1968, as a Pennsylvania non-profit, non-stock corporation. The Association is composed of 509 lots, of which 508 are billable and 7 are owned by the developer. It is located in Polk Township, Monroe County, Pennsylvania.

The Association has the authority and responsibility for the maintenance, regulation, and administration of certain private community facilities for the use, benefit, and enjoyment of the owners and lawful occupiers of lots in the development. In addition, the Association is to provide for the collection of such revenue as is necessary to effectuate the maintenance of the roads, two lakes, meeting hall, common areas and other such facilities as may be established for the property owners. The Association has the authority to impose assessments upon its members to cover expenses incurred in this regard.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Association uses fund accounting, which requires that funds, such as operating funds and restricted funds, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors. Disbursements from the restricted capital improvement and reserve funds generally may be made only for designated purposes with prior approval from the Board of Directors.

Property and Equipment

It is the Association's policy not to recognize common property as assets on the balance sheet and not to recognize common personal property. Property and equipment are expensed as the cost is incurred, and is not depreciated.

Income Taxes

The Association may elect to file Form 1120H as a homeowners' association under IRS Code Section 528 or file Form 1120 under IRS Code Section 277. Under the homeowners' association election, the Association is taxed on its net nonexempt function income at a flat rate of 30%. Exempt function income, which consists primarily of members' assessments, is not taxable. As a corporation filing under Section 277, the Association may be taxed only on net non-membership income, such as interest income, at regular federal corporate rates. Membership income may be excluded from taxation if certain elections are made. For the year ended December 31, 2016, the Association was taxed as a homeowners' association and filed Form 1120-H. There was no provision for income taxes for December 31, 2016. The Association is tax-exempt for Pennsylvania purposes.

Uninsured Cash Balances

The Association maintains its cash balances at financial institutions with local branch offices. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2016 the Association had no deposits in financial institutions in excess of the federally insured limit.

**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Association considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The accrual basis of accounting has been used in preparing the financial statements. Under the accrual basis, revenue is recorded when earned and expenses are recorded when the liability is incurred. Accordingly, members' assessments are recorded as income in the year they become due.

**NOTE 3 - MEMBER ASSESSMENTS**

Substantially all of the Association's revenue is derived from the property owners in Robin Hood Lake Lot Owners Association. Any change in the ability of the property owners to continue to pay the Association's assessments would have a substantial effect on the financial condition of the Association. The Association has the right to place liens against the property of the owners who fail to pay assessments.

The Association's policy is to bill in January based on the approved budget, and assess a late charge on any account that is unpaid on April 1. Interest at 1 ¼% monthly is assessed on any account that is 30 days or more past due. The Association provides payment options. The fees associated with collection efforts are recorded in the account of the delinquent owner at the time it is turned over to the attorney or collection agency for collection efforts or filing of a lien. The Association's policy is to write off an account upon foreclosure, bankruptcy discharge, or agreement with the owner to accept a reduced amount in settlement of the outstanding balance.

**NOTE 4 – MEMBERS' ASSESSMENTS RECEIVABLE**

Substantially all members' assessments receivable are ninety days or more past due.

At December 31, 2016, members' assessments receivable are as follows:

Members' assessments receivable	\$ 174,846
Less: allowance for doubtful accounts	<u>(68,867)</u>
Net members' assessments receivable	<u>\$ 105,979</u>



**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 5 – RESERVE FOR FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents do not require the Association to fund a reserve for future major repairs and replacements. However, because the Board of Directors recognizes the importance of providing for future major repairs and replacements to common property, the Association has completed a study to determine the estimated remaining useful lives and estimated replacement costs of common property.

Since the Study's recommended full funding is based upon estimated replacement costs that vary from actual replacement costs and the variations may be material, amounts accumulated in the replacement reserve may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**NOTE 6 – CAPITAL IMPROVEMENT FEE**

The Association charges a Capital Improvement fee equal to one year's assessment on properties resold. The amounts collected can be used for improvements to or replacement of the common elements in the community.

**NOTE 7 – MEMBERS' ASSESSMENTS COLLECTED IN ADVANCE**

Members' assessments collected in advance represent assessments pertaining to future years that were collected by the end of the current year.

**NOTE 8 – DATE OF MANAGEMENT'S REVIEW**

Management has evaluated the effects of all subsequent events through September 15, 2017, the date the financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ROBIN HOOD LAKE LOT OWNERS ASSOCIATION  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS - UNAUDITED  
 DECEMBER 31, 2016**

**FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association authorized Appletree Management to conduct a Reserve Fund Study for the Lot Owners Association common property. Studies of this nature are important to ensure that a community has sufficient funds for long-term, periodic capital expenditure requirements. Anticipating large expenditures over an extended period of time through a structured analysis and scheduling process assists the Association in meeting financial requirements without increasing the service fees above permitted maximums, borrowing the funds, or levying special financial assessments to the community.

The reserve study was completed in August, 2011, to estimate the useful lives and the replacement costs of the components of common property. Funding requirements assume an annual inflation rate of 3.2 percent and an interest rate of 2.5 percent on amounts funded for future major repairs and replacements, and that 100% of the replacement cost of items in the study will be paid for using amounts funded for future major repairs and replacements.

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

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost</u>
Roads	0	\$ 831,741
Community Center	0-13	217,410
Playground	3-13	30,023
Community Signage	13	8,000
Cinder Storage Building	0-18	39,450
Mailbox Areas	3-8	49,750
Total		<u>\$1,176,374</u>

The Reserve Fund balance at December 31, 2016 amounted to \$12,693. A detailed copy of the study is on file at the Management Company's office.