

**NEW DAWN II HOMEOWNERS  
ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

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# Parks & company

CERTIFIED PUBLIC ACCOUNTANTS

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## New Dawn II Homeowners Association

We have reviewed the accompanying financial statements of New Dawn II Homeowners Association, which comprise the statement of assets, liabilities, and fund balances-modified cash basis as of December 31, 2018, and the related statement of revenues, expenses, and changes in fund balances-modified cash basis, and statement of cash flows –modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to your financial data and making inquiries of management. A review engagement is substantially less in scope than an audit engagement, 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 combined 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 combined financial statements that are free from material misstatements whether due to fraud or error.

### **Accountants' Responsibility**

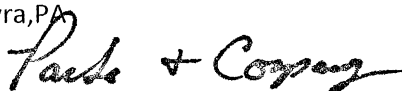
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AIPCA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements in order 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 reviews, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Parks&Company

Palmyra, PA



May 15, 2019

Robert K. Parks, CPA, CFP   Daryl R. Webber, CPA, MST   Sandra I. Soderstedt, CPA, MBA  
David S. Beidler   Brent A. Hoffman, CPA   Kelly S. McFeaters

NEW DAWN II HOMEOWNERS ASSOCIATION

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES

MODIFIED CASH BASIS

DECEMBER 31, 2018

ASSETS

	Operating Fund	Replacement Fund	Total Funds
Cash and cash equivalents	\$ 94,509	\$ 357,586	\$ 452,095
Prepaid expenses	1,480	-	1,480
Fixed assets net of accumulated depreciation (\$126,062)	414,203	-	414,203
<b>TOTAL ASSETS</b>	<u>\$ 510,192</u>	<u>\$ 357,586</u>	<u>\$ 867,778</u>

LIABILITIES AND FUND BALANCES

Accrued expenses	\$ 5,119	\$ -	\$ 5,119
<b>TOTAL LIABILITIES</b>	5,119	-	5,119
<b>FUND BALANCES</b>	<u>505,073</u>	<u>357,586</u>	<u>862,659</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 510,192</u>	<u>\$ 357,586</u>	<u>\$ 867,778</u>

**NEW DAWN II HOMEOWNERS ASSOCIATION**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS**

**YEAR ENDED DECEMBER 31, 2018**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
<b>REVENUE</b>			
Operating assessments	\$ 168,709	\$ -	\$ 168,709
Interest income	-	893	893
<b>TOTAL REVENUES</b>	<b>168,709</b>	<b>893</b>	<b>169,602</b>
<b>EXPENSES</b>			
Maintenance and operations			
Landscaping	127,722	-	127,722
Snow removal	16,857	-	16,857
Maintenance	11,265	-	11,265
Electric	-	-	-
Administrative			
Depreciation	36,018	-	36,018
Management fees	22,581	-	22,581
Administrative expenses	5,464	100	5,564
Insurance	1,403	-	1,403
Professional fees	403	-	403
<b>TOTAL EXPENSES</b>	<b>221,713</b>	<b>100</b>	<b>221,813</b>
<b>NET REVENUES OF EXPENSES</b>	<b>(53,004)</b>	<b>793</b>	<b>(52,211)</b>
FUND BALANCE AT BEGINNING OF YEAR	558,077	356,793	914,870
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 505,073</b>	<b>\$ 357,586</b>	<b>\$ 862,659</b>

**NEW DAWN II HOMEOWNERS ASSOCIATION**

**STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS**

**YEAR ENDED DECEMBER 31, 2018**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net revenues of expenses	\$ (53,004)	\$ 793	\$ (52,211)
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operating activities			
Depreciation	36,018	-	36,018
	<hr/>	<hr/>	<hr/>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(16,986)	793	(16,193)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Due to/from fund balances	17,002	(17,002)	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	17,002	(17,002)	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	16	(16,209)	(16,193)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	94,493	373,795	468,288
	<hr/>	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 94,509</u>	<u>\$ 357,586</u>	<u>\$ 452,095</u>

# NEW DAWN II HOMEOWNERS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of activities:

New Dawn II Homeowners Association is a non-profit, non-stock corporation incorporated under the laws of the Commonwealth of Pennsylvania in June 1995. There are 134 units included in the New Dawn II community which is located in Harrisburg, Pennsylvania. Every person who is an owner of a unit is a member of the Association. The members have no paid-in equity interest in the Association, and accordingly the equity of the membership is limited to the excess of revenues over expenses.

#### Basis of accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting; under which revenue is recognized when received and expenses are recognized when received.

#### Fund Accounting:

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.

Replacement reserve fund-this fund is used to accumulate resources designed for future major repairs and replacements.

#### Maintenance assessments:

Members are subject to monthly assessments to provide funds for the Association's operating expenses and future improvement requirements. Any excess assessments at year-end are retained by the Association for use in future years.

#### Cash and investments:

For purposes of the statement of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash deposits and short-term investments are reported at cost, which approximates fair value.

#### Use of estimates:

Management uses estimates and assumptions in preparing financial statements. 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. Actual results could differ from those estimates.

#### Property and equipment:

Common areas acquired from the developer and improvements are not recorded in the financial statements because of restrictive covenants, which limit the disposition of such property.

## NEW DAWN II HOMEOWNERS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

(continued)

YEAR ENDED DECEMBER 31, 2018

#### Assessments receivable:

The Association's assessments are typically due on the first day of each month. The Association allows a 10 day grace period for payment. If payment is not received by then, the Association charges a late fee of \$20. An additional \$10 late fee is charged for payments received on or after the 20th of the month. Typically, assessments received are not considered uncollectible. Delinquent accounts are written off after taking into consideration individual circumstances.

#### Concentration of credit risk:

The Association has concentrated its credit risk for cash by maintaining deposits at financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Association has not experienced any losses in such accounts and believes there is no significant risk to cash.

#### **NOTE B - INCOME TAXES**

The Association has elected to be taxed under Internal Revenue Code Section 528 which allows the Association to exclude exempt function income from gross income. Exempt function income consists of owners assessments or other fees the Association receives from members as owners of the Association services.

Net non exempt function income, which includes earned interest and revenues received from nonmembers net of allowable administrative expenses and \$100 exemption, is taxed at 30% by the federal government and is exempt from the corporation net income tax in Pennsylvania under 72 P.S..

#### **NOTE C - FAIR VALUE MEASUREMENT**

Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There were no changes to the value measurements reported on these financial statements.



**NEW DAWN II HOMEOWNERS ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**YEAR ENDED DECEMBER 31, 2018**

**NOTE D - REPLACEMENT FUNDS**

The Association's governing documents require the establishment of a capital reserve fund to provided for the future repair and replacement of the common areas as defined in the governing documents. All of the home improvements are the homeowner's responsibility. Accumulated funds are held in a separate account and are generally not available for expenditures for normal operations.

A study of the remaining useful lives and the replacement costs of the common property was done as of December 31, 2018. 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 replacements 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, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

**NOTE E - SUBSEQUENT EVENTS**

The Association's management has evaluated subsequent events through May 15, 2019 the date of this report, which is the date the financial statements were available to be issued.