

**SILVERTON GLENN ASSOCIATION, INC.**

**SILVERTON GLENN TOWNHOMES  
VICTOR, ONTARIO COUNTY, NEW YORK**

**AMENDMENT NO. 7 TO THE OFFERING PLAN**

This Amendment is made for the following purposes:

1. Inclusion of Additional Lands.
2. Status of Offering and Updated Budget.
3. Financial Disclosure.
4. Taxation of Lot Owners (the implications of the Tax Cuts and Jobs Act of 2017).

***Section 1: Inclusion of Additional Lands***

1.1 On page 5 of the original Offering Plan, the Sponsor disclosed that property adjacent to Silverton Glenn Townhomes was to be improved by two St. John's Green Houses. St. John's Home has determined not to construct the Green Houses. As disclosed on page 28 of the Offering Plan and permitted by Section 2.03 of the Declaration, the Sponsor hereby incorporates 2.309 acres of vacant land into this Offering as Phase V. The additional acreage supports 9 additional townhomes, in three buildings. One building will have 4 townhomes (Lots 118-121), another building will have 3 townhomes (Lots 122-124), and another building will have 2 townhomes (Lots 125 and 126). The individual Townhome Lots will be referred to as Lots 118 through 126. The Declaration will be amended to reflect the additional lands to be included in the Association. The Association will receive 1.603 acres of open space as additional common area, which common area will be simple lawn area. The access and use of the additional common area will be substantially similar to the original common area as described in the Offering Plan. The additional townhomes will be constructed in the same manner as the original townhomes in all respects. An updated Budget reflecting an increase in Townhomes from 93 to 102 is attached as Exhibit 7A-1. Site Plan approval was obtained from the Town of Victor on January 10, 2018. A copy of the Site Plan is attached as Exhibit 7A-4. The proposed easements shown on the Site Plan will not adversely affect the use and maintenance of the common area or the individual townhomes.

***Section 2: Status of Offering and Updated Budget***

2.1 Sponsor is presently developing Silverton Glenn Townhomes, Phases I thru V, consisting of 102 Townhome Lots. Of the 102 Townhome Lots in Silverton Glenn Townhomes, one (1) Townhome Lot is currently under construction. As of February 12, 2018, 76 Townhome

Lots have been transferred, one (1) Townhome Lot (Lot 38 in existing Phase IV) is under contract to be sold, and 25 Townhome Lots are being offered for sale.

2.2 The updated budget for Silverton Glen Townhomes is attached as Exhibit 7A-1. The Certification as to Adequacy in attached as Exhibit 7A-2.

2.3 The Financial Statement for the Association for the fiscal year ending April 30, 2017 is attached as Exhibit 7A-3.

2.4 In accordance with the Offering Plan, the Sponsor has appointed the initial three (3) members of the Board of Directors, and therefore, controls the Board. The Board is composed of Jeff Morrell, Scott M. Morrell and Hannah Hall, each being either a principal of the Sponsor or relative of principals of the Sponsor.

2.5 The officers of the Association are Jeff Morrell, president, Scott M. Morrell, vice president, and Hannah Hall, treasurer and secretary.

### ***Section 3: Financial Disclosure***

3.1 The Sponsor hereby represents that there has been no material change in the financial position of the Sponsor with respect to this offering. Specifically, the Sponsor represents the following:

- 3.1.1. As of February 12, 2018, Townhome Lots 25, 28-30, 32-37, 40, 44, 47, 52-101, and 103-115 have been transferred; the Sponsor owns each of the remaining Townhome Lots in the subdivision. Of the Townhome Lots owned by the Sponsor, Lot 38 is under contract to be sold. Each remaining Townhome Lot is being offered for sale.
- 3.1.2. The monthly maintenance or common charge per Townhome Lot in Phases I thru V is \$185.00. The Sponsor's obligation for common charges is to fund any operating deficit. See paragraph 4 below.
- 3.1.3. No Townhome Lot is being rented by the Sponsor.
- 3.1.4. The Sponsor has no financial obligation to the Association other than to fund an operating deficit. Pursuant to §5.04 of the Declaration, the Sponsor shall be obligated for the difference between actual Association expenses including reserves for completed improvements and the Association charges levied on owners who have closed title to their Townhome Lots.



- 3.1.5 The Townhome Lots of the subdivision will be sold free of the lien of all building loan mortgages. The unsold Townhome Lots of the subdivision are not subject to any mortgage.
- 3.1.6 The financial obligations of the Sponsor will be funded from income from projected sales, and from general operating revenues of the Sponsor.
- 3.1.7 The Sponsor is current on all financial obligations under the offering plan, including but not limited to maintenance or common charges, reserve or working capital fund payments, assessments, and payments for repairs or improvements required by the Offering Plan. Additionally, the Sponsor is current on payments of expenses incurred in construction of the project. Additionally, the Sponsor was current on all such obligations during the year prior to filing this amendment.
- 3.1.8 The Sponsor remains in control of the Board of Directors of the Association. As defined in the Declaration, the Sponsor and all lot owners shall automatically be members. All owners, with the exception of the Sponsor, shall be Class A members. The Sponsor shall be a Class B member. Until 15 years after the recording of the Declaration, or until all lots are transferred, whichever shall first occur, the Class B membership shall be the only class of membership entitled to vote. Thereafter, the Sponsor's Class B membership shall be converted into a Class A membership, and all members shall vote equally, that is, one member one vote.

#### ***Section 4: Taxation of Lot Owners***

4.1 On January 1, 2018, the Tax Cuts and Jobs Act of 2017 (the "17 Act") went into effect. This federal law significantly changed the previously existing Internal Revenue Code, including the taxes and deductions related to homeownership. Section 11042 of the 17 Act expressly limits the individual deduction for all State, municipal and local taxes to \$10,000 (\$5,000 in the case of a married individual filing a separate return). Section 11043 of the 17 Act eliminates the previous deduction for interest paid on home equity indebtedness whose principal balance was less than \$100,000. Section 11043 of the 17 Act also reduces the deduction for amounts of interest paid on acquisition indebtedness to such indebtedness whose principal balance is less than \$750,000 (\$375,000 for married persons filing separately). Section 11043 of the 17 Act also limits the deduction for interest paid on refinanced acquisition indebtedness. Other provisions of the 17 Act may affect the tax position of prospective purchasers. The foregoing is a summary only, and is not exhaustive. Purchasers are advised to consult with tax advisers of their sole choosing with respect to the tax impacts of their purchase and ownership of interest offered by this Plan.

4.2 Under the provisions of Section 615 of the New York Tax Law, each Lot Owner who itemizes deductions will be entitled to deduct from his adjusted gross income for New York State income tax purposes the real estate taxes assessed against his Lot and paid by him.

4.3 Maintenance Assessments paid by each Lot Owner to the Association are not deductible from his adjusted gross income for Federal and New York State income tax purposes.

4.4 The above information updates the Taxation of Lot Owners section of the Attorney Opinion Letter set forth on page 39 of the Offering Plan.

***Section 5: No Further Changes***

5.1 As of the date of this Amendment, there are no further changes to the documentation provided in the Offering Plan, as amended, known to the Sponsor.

Dated as of February 20, 2018

S&J Morrell, Inc., Sponsor

Exhibit 7A-1

Silverton Glenn Townhomes Projected Schedule of Receipts and Expenses  
for Operations Commencing May 1, 2018 and Ending April 30, 2019

See Detail Attached

***Silverton Glenn  
Association, Inc.***

**OPERATING BUDGET**

**Fiscal Year 2018-2019:  
May 1, 2018 – April 30, 2019**

**SILVERTON GLENN ASSOCIATION, INC.****2018-2019 BUDGET****OPERATING INCOME:**

Homeowner Assessments @	\$185.00 /unit/month	\$226,440
Investment Income		150
Other Income		0
Total Operating Income		<u>\$226,590</u>

**OPERATING EXPENSES:**

Maintenance Payroll Reimbursements (RPG)	\$2,100
Trash Removal	10,920
Maintenance Supplies	900
Repairs and Maintenance	3,600
Landscape Contract	57,877
Other Landscaping	6,300
Snow Removal	37,930
Legal and Professional	1,500
Accounting Fees	1,575
Management Fee	15,180
Other Administrative	1,500
Insurance	46,500
Real Estate Taxes	1,750
Income Taxes	100
Total Operating Expenses	<u>\$187,732</u>

**NET OPERATING INCOME**

\$38,858

Long Term Replacement Reserve

38,858**NET INCOME**\$0

Anticipated Reserve Expenditures, 2018-2019  
Projected Ending Reserve Fund Balance

\$3,000  
\$109,825



# SILVERTON GLENN ASSOCIATION, INC.

## 2018-2019 BUDGET

### DETAIL OF OPERATING INCOME:

#### HOMEOWNER ASSESSMENTS:

102 Units @ \$185.00 /month \$226,440  
Assumes any loss due to delinquencies is offset by collections of prior delinquencies.

#### INVESTMENT INCOME:

M&T Money Market fund	\$50,000	0.30%	150	
Totals	\$50,000			\$150

Note: Not operating budget items - added to Reserve Fund.

#### MISCELLANEOUS INCOME:

\$0

#### TOTAL OPERATING INCOME

\$226,590

### DETAIL OF OPERATING EXPENSES:

#### MAINTENANCE PAYROLL REIMBURSEMENTS TO RPG:

Maintenance Payroll \$35.00 /hr.avg. 5.00 hrs./month \$2,100  
Charge rate above includes payroll taxes, medical insurance, holidays, vacations, sick days, mileage, sales tax, etc.

#### TRASH REMOVAL:

Contract with Youngblood Disposal  
Budget year cost including tax: \$8.9000 /unit/month \$10,920  
\$910.00 /month

#### MAINTENANCE SUPPLIES:

\$75.00 /month \$900

#### REPAIRS & MAINTENANCE (SUBCONTRACTED):

Subcontracted repairs to roofs, siding, sidewalks, etc.  
Routine building repairs \$300.00 /month average \$3,600

#### LANDSCAPE CONTRACT:

Contract with RM Landscape for the 2017 & 2018 seasons  
Based on 86 townhomes as of Spring 2018 needing service

Weekly Mowing & Trimming		21,772
Mechanical Edging		inc. above
Landscape Bed Edging		648
Mulch	83 yards	6,281
Weeding	28 visits	4,930
Shrub Trimming	2 visits	3,131
Tree Trimming		inc. above
Spring Clean-Up		936
Fall Clean-Up	4+/- visits	1,591
Lawn Fertilization	4 applications	6,499
Units added to 2018		6,603
Future units		5,486

\$57,877



**OTHER LANDSCAPING:**

Shrub/Tree Replacements	500	
Slope Mowing	1,400	
Core Aeration/Over Seed	3,900	
Misc.	500	
	<u>          </u>	
Total		\$6,300

**SNOW REMOVAL:**

Contract with John Welch expires after 2018-19 season  
Based on 78 townhomes as of Fall 2017 needing service

Plowing driveways		26,200	
Plowing private roads		1,150	
Clearing around hydrants/mailboxes		2,300	
Future units		8,280	
Extras:			
Loader work extra @	\$115.00 /hour	0	0
Salting roadways @	\$75.00 /run	0	0
		<u>          </u>	<u>          </u>
Sub-Total			0
Total			\$37,930

**LEGAL & PROFESSIONAL:**

Legal: Collections, etc.	\$1,000	
Professional: Engineering, etc.	500	
	<u>          </u>	
Total		\$1,500

**ACCOUNTING FEES:**

Annual audit/tax return		\$1,575
-------------------------	--	---------

**MANAGEMENT FEE:**

RPG Contract expires 4/30/18			
Fee for 61-72 units:	\$	1,025.00 /month	
Fee for 73-102 units:	\$	1,265.00 /month	
			15,180.00
Total			\$15,180

**OTHER ADMINISTRATIVE EXPENSES:**

Answering Service allocation @	\$5.00 /month	60	
Postage/Copies	\$70.00 /month	840	
Miscellaneous		600	
		<u>          </u>	
Total			\$1,500

**INSURANCE:**

Cincinnati Insurance Co. policy		
Deductible:	\$1,000	
Ice damming deductible:	\$1,000	
Liability coverage:	\$2,000,000	
Directors/Officers:	\$1,000,000	
Umbrella Liability:	\$1,000,000	
Current Premiums:		
Current premium for property insurance:	\$44,550	
Current premium for D&O insurance:	\$1,000	
Current premium for umbrella coverage:	950	
	<u>          </u>	
Total Premium		\$46,500

Renewal: 5/1/2019

Assumed inflation premium increase:		0.00%		
New Premium:				
Renewal premium for property insurance:		\$44,550		
Renewal premium for D&O:		\$1,000		
Renewal premium for umbrella coverage:		950		
Total Premium		<u>\$46,500</u>		
Downpayment (May):				
Property:	25.00%	\$11,138		
D&O coverage:		\$1,000		
Umbrella coverage:		950		
Total Downpayment		<u>\$13,088</u>		
Monthly payments:	June-February	\$3,713	9	<u>\$33,413</u>
Total				\$46,500
<b>REAL ESTATE TAXES:</b>				
County & School				\$1,750
<b>INCOME TAXES:</b>				
NYS Taxes		Assume	50	
Federal Taxes			<u>50</u>	
Total				<u>\$100</u>
<b>TOTAL OPERATING EXPENSES</b>				<b>\$187,732</b>
<b>NET OPERATING INCOME</b>				<b>\$38,858</b>
<b>RESERVE TRANSFERS:</b>				
<b>LONG TERM REPLACEMENT RESERVE:</b>				
Includes projected investment income of			\$150	
Current Allocation	\$31.62 /unit/mo.	\$38,708		
- if change by:	0.00 3.00%	0		
- new amount	<u>\$31.62 /unit/mo.</u>	<u>\$38,708</u>		
Total				<u>\$38,858</u>
<b>NET INCOME</b>				<b><u>\$0</u></b>

**SILVERTON GLENN ASSOCIATION, INC.****RESERVE FUND ANALYSIS****2018-2019 BUDGET****LONG TERM MAINTENANCE RESERVE FUND:**

Projected Beginning Balance 5/1/18				\$73,967
Add: Projected Transfers	\$31.62 /unit/month			38,708
Add: Projected Earnings:				
M&T Money Market fund	\$50,000	0.30%	150	
Total Earnings				\$150
Less: Projected Expenditures:				
Resurface Driveways/Private Roadways			0	
Seal Coating			3,000	
Building Repairs			0	
Roofing			0	
Painting/Staining			0	
Misc.			0	
Total Expenditures				(3,000)
Projected Ending Balance 4/30/19				\$109,825

**TOTAL RESERVE FUNDS:**

Projected Beginning Balance 5/1/18				\$73,967
Add: Projected Transfers	\$31.62 /unit/month			38,708
Add: Projected Earnings				150
Less: Projected Expenditures				(3,000)
Projected Ending Balance 4/30/19				\$109,825

Exhibit 7A-2  
Budget Certification





◆ OFFICE ◆ RETAIL ◆ CONDOS ◆ HOA's ◆

February 14, 2018

Real Estate Financing Bureau  
New York State Department of Law  
120 Broadway  
New York, NY 10271

Re: Certification on Continuing Adequacy of Budget  
Silverton Glenn Association, Inc. ("HOA")

STATE OF NEW YORK)  
COUNTY OF MONROE) SS: 052-54-6647

Gentlemen:

The undersigned, being duly sworn, deposes and says as follows:

The sponsor of the HOA Offering Plan retained me to review the current budget containing projections of income and expenses for the year of HOA operations, May 1, 2018 – April 30, 2019.

My experience in this field includes:

Over twenty (20) years experience in the management of homeowners associations and condominiums. I have earned the RPA (Real Property Administrator) and FMA (Facilities Management Administrator) designations from BOMI International. I am also a licensed New York State real estate broker.

Realty Performance Group currently is the managing agent for forty homeowners associations and condominiums, totaling over 3,800 living units.

I understand that I am responsible for complying with Article 23-A of the General Business law and the regulations promulgated by the Department of Law in Part 22 insofar as it is applicable to the budget.

I have reviewed the budget contained in the Offering Plan and investigated the facts set forth in the budget and related schedules and the facts underlying it with due diligence in order to form a basis for this certification. I also have relied on my experience in managing residential properties.

I certify that the projections in the current budget appear reasonable and adequate under existing circumstances, and the projected income and expenses for the 2018-2019 year of operations is complete and accurate.

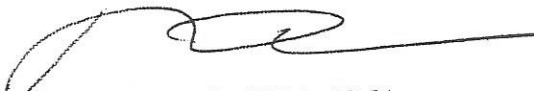
I certify that the Schedules:

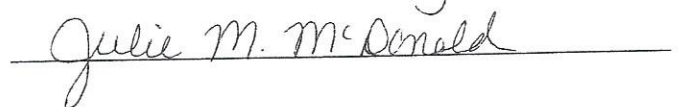
- (i) Sets forth in detail the projected income and expense for the 2018-2019 year of HOA operation;
- (ii) Affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the 2018-2019 year of HOA operation;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectations or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where I:  
(a) knew the truth, (b) with reasonable effort could have known the truth  
(c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

I further certify that we are not owned or controlled by the sponsor. I understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the 2018-2019 year of HOA operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

REALTY PERFORMANCE GROUP, INC.

  
Robert F. Marvin, RPA, FMA  
President

Sworn to before me this  
14 day of February, 2018.  


JULIE M. McDONALD  
Notary Public, State of New York  
No. 01MC6076701  
Qualified in Ontario County  
Commission Expires July 1, 20 18

Exhibit 7A-3  
Financial Statement

# ***SILVERTON GLENN ASSOCIATION, INC.***

## **TABLE OF CONTENTS**

	<u>Page No.</u>
Independent auditors' report	1
Financial statements	
Balance sheets	2
Statements of revenues, expenses and changes in fund balances	3
Statements of cash flows	4
Notes to financial statements	5-7
Independent auditors' report on supplemental information	8
Supplementary information on future major repairs and replacements	9



***SILVERTON GLENN ASSOCIATION, INC.***

**FINANCIAL STATEMENTS  
APRIL 30, 2017 AND 2016**



**Bonn, Dioguardi & Ray LLP**  
Certified Public Accountants • Business & Financial Advisors

Kenneth Bonn Jr.  
Joseph P. Dioguardi Jr.  
Michael S. Ray  
Alison M. Notaro

Michael S. Boychuk  
Thomas A. Walter  
William S. Bailey

70 Linden Oaks Office Park, Rochester, NY 14625  
www.bdrllp.com • 585-381-9660 • Fax: 585-248-0603

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and the Homeowners  
Silverton Glenn Association, Inc.

We have audited the accompanying financial statements of Silverton Glenn Association, Inc., which comprise the balance sheets as of April 30, 2017 and 2016, and the related statements of revenues, expenses and changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silverton Glenn Association, Inc. as of April 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Bruce, Dugan & Co., LLP*

Rochester, New York  
September 20, 2017

# **SILVERTON GLENN ASSOCIATION, INC.**

## **BALANCE SHEETS** **APRIL 30, 2017 AND 2016**

### **ASSETS**

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 49,924	\$ 42,087
Accounts receivable from homeowners	1,250	869
Due from sponsor	10,559	0
Prepaid expenses	<u>2,483</u>	<u>0</u>
Total assets	<u>\$ 64,216</u>	<u>\$ 42,956</u>

### **LIABILITIES AND FUND BALANCES**

	<u>2017</u>	<u>2016</u>
Liabilities		
Accounts payable	\$ 7,573	\$ 1,602
Due to sponsor	0	0
Advance payments from homeowners	3,079	310
Accrued income taxes	<u>54</u>	<u>25</u>
Total liabilities	<u>10,706</u>	<u>1,937</u>
Fund balances		
Operating	0	0
Major maintenance	<u>53,510</u>	<u>33,071</u>
Total fund balances	<u>53,510</u>	<u>33,071</u>
	<u>\$ 64,216</u>	<u>\$ 35,008</u>

See accompanying notes and independent auditors' report.



# SILVERTON GLENN ASSOCIATION, INC.

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	2017			2016		
	Operating Fund	Major Maintenance Fund	Total	Operating Fund	Major Maintenance Fund	Total
Revenues						
Common charges	\$ 113,887	\$ 20,405	\$ 134,292	\$ 62,221	\$ 18,009	\$ 80,230
Sponsor contributions	15,007	0	15,007	31,039	0	31,039
Interest	0	34	34	0	72	72
Other	699	0	699	200	0	200
Total revenues	129,593	20,439	150,032	93,460	18,081	111,541
Expenses						
Landscaping	49,985	0	49,985	44,552	0	44,552
Grounds and building repairs	3,894	0	3,894	924	0	924
Management fees	12,300	0	12,300	8,355	0	8,355
Snow removal	27,667	0	27,667	12,505	0	12,505
Trash removal	6,807	0	6,807	5,326	0	5,326
Administrative expenses	699	0	699	539	0	539
Legal and professional fees	1,485	0	1,485	3,022	0	3,022
Insurance	25,212	0	25,212	17,280	0	17,280
Property taxes	1,490	0	1,490	921	0	921
Income taxes	54	0	54	36	0	36
Total expenses	129,593	0	129,593	93,460	0	93,460
Excess of revenues over expenses	0	20,439	20,439	0	18,081	18,081
Transfers	0	0	0	0	0	0
Fund balances - beginning of year	0	33,071	33,071	0	14,990	14,990
Fund balances - end of year	\$ 0	\$ 53,510	\$ 53,510	\$ 0	\$ 33,071	\$ 33,071

See accompanying notes and independent auditors' report.

# *SILVERTON GLENN ASSOCIATION, INC.*

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 20,439	\$ 18,081
Adjustments to reconcile excess of revenues over expenses to net cash and cash equivalents provided by operating activities:		
(Increase) decrease in:		
Accounts receivable from homeowners	(381)	1,094
Due from sponsor	(10,559)	4,489
Prepaid expenses	(2,483)	350
Increase (decrease) in:		
Accounts payable	5,971	1,139
Due to sponsor	0	7,948
Advance payments from homeowners	2,769	(845)
Accrued income taxes	<u>29</u>	<u>11</u>
Net cash and cash equivalents provided by operating activities	15,785	32,267
Cash and cash equivalents - beginning of year	<u>42,087</u>	<u>9,820</u>
Cash and cash equivalents - end of year	\$ <u><u>57,872</u></u>	\$ <u><u>42,087</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ <u><u>25</u></u>	\$ <u><u>14</u></u>

See accompanying notes and independent auditors' report.

# ***SILVERTON GLENN ASSOCIATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS**

APRIL 30, 2017 AND 2016

### **NOTE 1: SUMMARY OF OPERATIONS**

On March 13, 2012, the Association was incorporated under Section 402 of the New York State Not-For-Profit Corporation Law, for the purpose of owning common land and maintaining the common areas (consisting of exteriors, asphalt, grounds and lawns) of ninety-three homes of which sixty-eight are sold, located in Victor, New York. The homeowners elect a board of directors who hire an independent property management firm to manage the Association. The sponsor is currently in control of the Association.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cash and Cash Equivalents - The Association considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Fund Accounting - The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the major maintenance fund generally may be made only for designated purposes.

Income Taxes - Pursuant to the Tax Reform Act of 1976, homeowner associations are permitted to make an annual election to be treated as a regular corporation or a tax-exempt organization. Each year the Association will file its tax returns under the election which is most beneficial to the organization. Under Section 528 of the Internal Revenue Code, taxes are paid on non-exempt function income (principally interest, net of expenses).

The Association's tax returns for the years ending 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect 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 - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition and disclosure through September 20, 2017, the date the financial statements were available to be issued.

See independent auditors' report.



# ***SILVERTON GLENN ASSOCIATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2017 AND 2016**

### **NOTE 3: OWNERS' ASSESSMENTS**

Monthly assessments to owners for the year ended April 30, 2017 and 2016 were \$185 and \$155, respectively, of which a portion is allocated to the major maintenance fund. The annual budget and assessments of owners are determined by the board of directors. The Association normally retains excess operating funds at the end of the operating year, if any, for use in future operating periods. As of May 1, 2017, monthly assessments remain the same.

The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly in arrears. It is the opinion of management that the Association will ultimately prevail against the homeowners whose assessments are delinquent and, accordingly, an allowance for doubtful accounts is not deemed necessary.

### **NOTE 4: COMMITMENTS**

The Association has entered into an agreement with Realty Performance Group, Inc. for management of its operations. The agreement provides for a monthly fee of \$1,056 for 61-72 sold units and \$1,303 for 73-93 sold units until April 30, 2018. The agreement may be extended at a fee equal to the greater of three percent or the increase in the consumer price index.

### **NOTE 5: SPONSOR CONTRIBUTIONS**

The sponsor is required to fund operating deficits or pay assessments on unsold lots, whichever is less, until the last lot is sold or until September 14, 2027. The sponsor is also responsible for the portion of assessments allocated to the major maintenance fund on unsold units with a certificate of occupancy.

### **NOTE 6: FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association has elected to accumulate funds for future major repairs and replacements. Accumulated funds are accounted for separately and generally are not available for expenditures for normal operations.

The board of directors, in accordance with the offering plan, determines amounts to be allocated to the major maintenance fund. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the major maintenance fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

See independent auditors' report.



# ***SILVERTON GLENN ASSOCIATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2017 AND 2016**

### **NOTE 7: CONCENTRATIONS OF CREDIT RISK**

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Association places its cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit. The Association routinely assesses the financial strength of these organizations and, as a consequence, believes that its credit risk exposure is limited.

See independent auditors' report.



**Bonn, Dioguardi & Ray LLP**  
Certified Public Accountants • Business & Financial Advisors

Kenneth Bonn Jr.  
Joseph P. Dioguardi Jr.  
Michael S. Ray  
Alison M. Notaro

Michael S. Boychuk  
Thomas A. Walter  
William S. Bailey

70 Linden Oaks Office Park, Rochester, NY 14625  
www.bdrllp.com • 585-381-9660 • Fax: 585-248-0603

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors and the Homeowners  
Silverton Glenn Association, Inc.

We have audited the financial statements of Silverton Glenn Association, Inc. as of April 30, 2017 and 2016, and our report thereon dated September 20, 2017, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The information on future major repairs and replacements, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Bonn, Dioguardi & Ray, LLP*

Rochester, New York  
September 20, 2017

***SILVERTON GLENN ASSOCIATION, INC.***

**SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS AND REPLACEMENTS**

APRIL 30, 2017

The amended offering plan contains a study to estimate the remaining useful lives and the replacement costs of components of common property. The costs are based upon estimated current replacement costs.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Asphalt sealing	3	\$ 8,184
Asphalt resurfacing	20	112,530
Roofing	25	488,250
Painting/staining	4	13,950

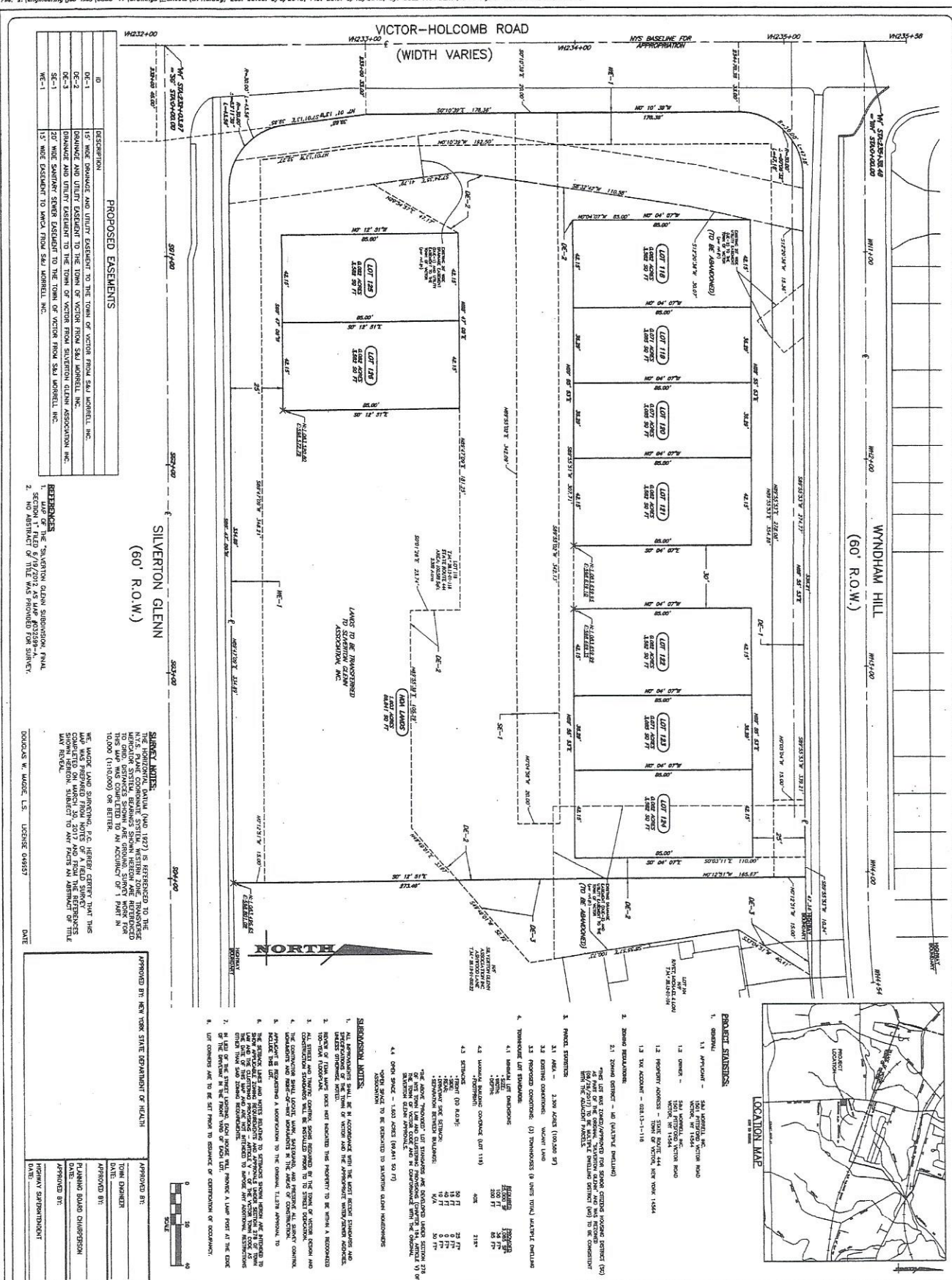
Replacement and maintenance of siding, trim, gutters, doors, fascia, garage doors, downspouts, masonry, and signs are not projected and will be paid from operations or special assessments.

See independent auditors' report on supplemental information.

Exhibit 7A-4

Site Plan





		COMMUNITY DATA MAINTENANCE FILE ROBERT P. BRINKLEY	
JON NO: 0835-17 SCALE: 1"=20' DRAWN: CWP DESIGNED: RLT DATE: 11/6/17	REVISIONS DATE BY REASON 08/15/17 JWP GENERAL REVISIONS	DRAWING TITLE: <b>PLAT MAP</b>	
3 of 11 SHEET NO. 0835-17 JOB NO.		SV1.0 DRAWING NO.	