

THE VILLAS AT CANANDAIGUA

AMENDMENT NO. 16

This is the sixteenth amendment to the Offering Plan for The Villas at Canandaigua Homeowners Association Inc. The main purpose of this amendment is to extend the term of the offering.

1. All lots in Phase I and II have been sold by Sponsor. Phase III construction is ongoing. All but two lots have been sold in Phase III. The remaining lots owned by Sponsor in Phase III are as follows: 150 A and 150 D. Phase IV site work shall commence in the fall of 2019. Closings in Phase IV shall start in 2020. It is anticipated that Phase IV will be complete in 2021. At present, there are no lots under contract.

2. The Sponsor transferred control of the HOA Board of Directors to the home owners on December 24, 2014.

3. The Sponsor has paid the most recent real property taxes for the current year on the lots it owns in phases III and IV. The 2019 County tax bills for Phase III totaled \$1,021.33 and the 2019/20 School tax bills totaled \$2,253.90. The assessor has separately assessed all of the individual lots in Phase I, Phase II, and Phase III. Phase IV has not commenced and the taxes have not been separately assessed. The County tax bill for Phase IV was \$330.65. The School tax bill for Phase IV was \$729.70.

4. There are no homes occupied by the Sponsor or by tenants.

5. Sponsor's obligations over the next twelve months will be for HOA assessments on any completed homes it owns and for real estate taxes on unsold and undeveloped lots/units.

6. The aggregate monthly association charge for all lots owned by Sponsor in Phases I, II and III is \$0. The monthly association charge in Phase IV is \$0.

7. All unsold units subject to the Offering Plan are subject to mortgages held by Genesee Regional Bank. The first is a Construction Revolver Loan on which there is a current principal balance outstanding of \$523,030.81. The interest rate is 6.75%. It matures on February 11, 2020. Approximate monthly payment is \$3,300.00. The second is a Site Loan for Phase IV on which there is a current principal balance of \$16,388.71. The interest rate is 6.25%. The Site Loan matures on June 28, 2020. Approximate monthly payments are \$90. Genesee Regional Bank is located at 190 Linden Oaks, Rochester, New York 14625.

8. Sponsor's obligations set forth above will be funded from projected sales and, if necessary, from other funds of Sponsor.

9. The Sponsor is current on all financial obligations relating to the HOA and the construction loans, and has been since the date of the last amendment. Neither the Sponsor nor the principals of Sponsor have any interests in any other cooperative, condominium or homeowners associations, except that Jay Wegman is a principal in the Gardens at Fieldstone (File number H10-0009). Mr. Wegman is current on all of his obligations to this HOA.

10. The amount of the reserve fund is \$277,550.55, as of September 30, 2019. There is no working capital fund. As per the offering plan, the Sponsor contributes to the reserve fund only for completed units which it owns (i.e. those with a Certificate of Occupancy).

11. Financial statements for the year ending March 2019 are attached as Exhibit A. The budget for April 1, 2019 is attached as Exhibit B.

12. All material changes of facts and circumstances affecting the property or the Offering Plan are included in this Amendment.

WEGMAN FAMILY (CANANDAIGUA) LLC XV
Sponsor

***THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.***

**FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

***THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.***

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Homeowners
The Villas at Canandaigua Homeowners Association, Inc.
Canandaigua, New York

We have audited the accompanying financial statements of The Villas at Canandaigua Homeowners Association, Inc., which comprise the balance sheets as of March 31, 2019 and 2018, 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 The Villas at Canandaigua Homeowners Association, Inc. as of March 31, 2019 and 2018, 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.

Bono, DiGuardi & Co., LLP

Rochester, New York
August 19, 2019

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**BALANCE SHEETS
MARCH 31, 2019 AND 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 296,742	\$ 213,102
Accounts receivable from homeowners	0	239
Due from sponsor	15,491	34
Prepaid expenses	2,390	737
	\$ 314,623	\$ 214,112
Total assets	\$ 314,623	\$ 214,112

LIABILITIES AND FUND BALANCES

	<u>2019</u>	<u>2018</u>
Liabilities		
Accounts payable	\$ 13,554	\$ 1,936
Advance payments from homeowners	4,951	8,917
Accrued income taxes	574	173
	17,079	11,026
Total liabilities	17,079	11,026
Fund balances		
Operating	19,970	19,970
Major maintenance	277,574	183,116
Club house	0	0
	297,544	203,086
Total fund balances	297,544	203,086
	\$ 314,623	\$ 214,112

See accompanying notes and independent auditors' report.

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	2019				2018			
	Operating Fund	Major Maintenance Fund	Club House Fund	Total	Operating Fund	Major Maintenance Fund	Club House Fund	Total
Revenues								
Common charges	\$ 218,233	\$ 107,586	\$ 0	\$ 326,469	\$ 220,155	\$ 73,405	\$ 0	\$ 293,560
Sponsor contribution	15,477	0	0	15,457	789	0	0	789
Interest	0	2,225	0	2,225	0	632	0	632
Other	1,231	5,000	0	6,263	1,502	0	0	1,502
Total revenues	235,441	114,811	0	350,414	222,446	74,037	0	296,483
Expenses								
Management fees	21,220	0	0	21,220	19,078	0	0	19,078
Insurance	35,567	0	0	35,567	31,838	0	0	31,838
Administrative expenses	2,537	0	0	2,537	2,323	0	0	2,323
Legal and professional	4,974	0	0	4,974	6,031	0	0	6,031
Landscaping	42,403	344	0	42,403	61,100	0	0	61,100
Trash removal	13,878	0	0	13,878	12,172	0	0	12,172
Snow removal	72,567	0	0	72,567	38,728	0	0	38,728
Repairs and maintenance	26,238	20,009	0	46,257	34,457	13,455	0	47,912
Utilities	14,773	0	0	14,773	13,954	0	0	13,954
Property taxes	1,206	0	0	1,206	2,592	0	0	2,592
Income taxes	574	0	0	574	173	0	0	173
Total expenses	235,441	20,353	0	255,956	222,446	13,455	0	235,901
Excess of revenues over expenses	0	94,458	0	94,458	0	60,582	0	60,582
Transfers	0	0	0	0	0	660	(660)	660
Fund balances - beginning of year	19,970	183,116	0	203,086	19,970	121,874	660	142,504
Fund balances - end of year	\$ 19,970	\$ 277,574	\$ 0	\$ 297,544	\$ 19,970	\$ 183,116	\$ 0	\$ 203,086

See accompanying notes and independent auditors' report.

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 94,458	\$ 60,582
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable from homeowners	239	944
Due from sponsor	(15,457)	(34)
Prepaid expenses	(1,653)	758
Increase (decrease) in:		
Accounts payable	11,618	519
Advance payments from homeowners	(5,966)	3,916
Due to sponsor	0	(755)
Accrued income taxes	401	33
	83,640	65,963
Net cash and cash equivalents provided by operating activities	83,640	65,963
Cash and cash equivalents - beginning of year	213,102	147,139
Cash and cash equivalents - end of year	\$ 296,742	\$ 213,102
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 173	\$ 140

See accompanying notes and independent auditors' report.

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 1: SUMMARY OF OPERATIONS

The Association was incorporated under Section 402 of the New York State Not-For-Profit Corporation Law on July 22, 2008, for the purpose of maintaining the common areas (consisting of a pool, clubhouse, fences, exteriors, asphalt, grounds and lawns) of one hundred twenty residential townhomes (of which ninety-five are sold), in Canandaigua, New York. The homeowners elect a board of directors who hire an independent property management firm to manage 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. The club house fund was to be used for club house expenses.

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 and rental net of expenses)

The Association's tax returns for the years ending 2016, 2017 and 2018 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 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 - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition and disclosure through August 19, 2019, the date the financial statements were available to be issued.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 3: OWNERS' ASSESSMENTS

Monthly assessments to owners for the years ended March 31, 2019 and 2018, were \$295 and \$285, 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 retains any year end operating surplus for use in the following year. As of April 1, 2019, monthly common charges increased to \$300.

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 all of the homeowners whose assessments are delinquent and, accordingly, an allowance for doubtful accounts has not been established.

NOTE 4: COMMITMENTS

The Association has entered into an agreement with Crofton Perdue Associates, Inc. for management of its operations. The agreement provides for a monthly fee of \$20 per sold lot for the year ending March 31, 2020. For the year ending March 31, 2020, the monthly fee will increase by the greater of 3% or the increase in the consumer price index.

NOTE 5: SPONSOR CONTRIBUTION

The sponsor is required to fund operating deficits until the last unit is sold.

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 and management company determine 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.

***THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

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. As of March 31, 2019 and 2018, the Association had uninsured cash balances of \$47,480 and \$0, respectively.

See independent auditors' report.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors and the Homeowners
The Villas at Canandaigua Homeowners Association, Inc.
Canandaigua, New York

We have audited the financial statements of The Villas at Canandaigua Homeowners Association, Inc. as of and for the years ended March 31, 2019 and 2018, and our report thereon dated August 19, 2019, 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
August 19, 2019

**THE VILLAS AT CANANDAIGUA
HOMEOWNERS ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
MARCH 31, 2019**

Crofton Perdue Associates, Inc. prepared a study dated August 19, 2019, 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>
Roofs	20 to 21	\$ 571,145
Gutters	20 to 21	39,518
Asphalt sealing	Annually	2,395 - 7,500
Asphalt resurface	12 to 21	426,321
Pool	1 to 18	70,842
Clubhouse	1 to 9	64,595
Lamp posts	21	64,214
Fountains	7 to 10	31,073
Sidewalks	21	56,098
Paint/caulk	Annually	3,000 - 7,000
Landscape/trees	1	2,000

See independent auditors' report on supplemental information.

**Villas at Canadaigua
HOMEOWNERS ASSOCIATION**

Approved Budget - 2019-2020
4/1/19 thru 3/31/20

Approved
2/19/2019

		Budget 2019 / 2020 97 Homes (\$300/mo)	
INCOME			
	HOA Maintenance Fees	\$ 349,200	
	Late Fees	\$ 100	
	Clubhouse Rental Fees	\$ 640	
	Interest Income	\$ 1,600	
	Total Income	\$ 351,540	
Operating Fund			
1	Audit / Legal / pro eng	\$ 14,000	Combines audit, legal and engineering
2	Clubhouse	\$ 15,000	Cleaning, rug cleaning, annual equipment maintenance repairs and supplies
3	Fertilization	\$ 5,053	Professionally applied lawn chemicals
4	Insurance	\$ 39,000	HOA obligated insurance coverage, common areas / buildings
5	Irrigation	\$ 4,000	Lawn sprinkling system: maintenance and repair
6	Landscaping	\$ 42,000	Mowing, mulching, weeding, trimming, bed maintenance
7	Management	\$ 22,899	Crofton Perdue: professional property management
8	Office	\$ 3,500	Office expenses plus committees
9	Pond	\$ 3,700	Chemicals, aerator installation / removal
10	Pool	\$ 3,500	Pool Maintenance, supplies, signage, open/close, furniture repair
11	Refuse	\$ 14,500	Refuse and recycle disposal
12	Repairs / Maintenance	\$ 10,520	HOA common areas and HOA home repairs / supplies
13	Snow	\$ 41,000	Snow removal from roads & driveways and salting as requested
14	Taxes-Real Estate/Corporate	\$ 2,000	Corporate and real estate taxes
15	Utilities	\$ 16,000	Phone, cable, electric, gas, water, sewer
Fund A:	Total Operating	\$ 236,672	Operational Expenses
Fund B:	Contingency Fund	\$ 25,000	Unexpected Expenses
Fund C:	Reserve Fund	\$ 89,868	Defined Maintenance / Replacement
	Total Budget	\$ 351,540	