

PAUL REVERE VILLAGE ASSOCIATION

Financial Statements and
Independent Accountants' Review Report

Year Ended August 31, 2010

PAUL REVERE VILLAGE ASSOCIATION

Financial Statements and Independent Accountants' Review Report

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees
Paul Revere Village Association
Millbury, Massachusetts

We have reviewed the accompanying balance sheet of Paul Revere Village Association, (the Association), as of August 31, 2010, and the related statements of revenue, expenses and changes in fund balance and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Paul Revere Village Association.

A review consists principally of inquiries of Association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information in the accompanying Supplementary Information is presented only for purposes of additional analysis. Such 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 without audit or review. Accordingly, we do not express an opinion or provide any other form of assurance on the supplementary information.

To the Board of Trustees
Paul Revere Village Association
Millbury, Massachusetts

As discussed in Note 2, Paul Revere Village Association has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements.

D. T. Jones & Associates, P.C.

March 8, 2011

PAUL REVERE VILLAGE ASSOCIATION

Balance Sheet

August 31, 2010

	Operating Fund	Reserve Fund	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 9,119	\$ 38,683	\$ 47,802
Account receivable	<u>21,754</u>	<u>-</u>	<u>21,754</u>
Total Current Assets	30,873	38,683	69,556
Property and Equipment, net	<u>289,603</u>	<u>-</u>	<u>289,603</u>
Total Assets	<u>\$ 320,476</u>	<u>\$ 38,683</u>	<u>\$ 359,159</u>

Liabilities and Fund Balance

Current Liabilities:			
Accrued expenses	\$ 2,500	\$ -	\$ 2,500
Current portion of long-term debt	<u>22,988</u>	<u>-</u>	<u>22,988</u>
Total Current Liabilities	25,488	-	25,488
Long-term debt, net of current portion	<u>266,429</u>	<u>-</u>	<u>266,429</u>
Total Liabilities	<u>291,917</u>	<u>-</u>	<u>291,917</u>
Fund Balance:			
Operating Fund	28,559	-	28,559
Reserve Fund	<u>-</u>	<u>38,683</u>	<u>38,683</u>
Total Fund Balance	<u>28,559</u>	<u>38,683</u>	<u>67,242</u>
Total Liabilities and Fund Balance	<u>\$ 320,476</u>	<u>\$ 38,683</u>	<u>\$ 359,159</u>

See accompanying notes and accountants' review report.

PAUL REVERE VILLAGE ASSOCIATION

Statement of Revenue, Expenses and Changes in Fund Balance

Year Ended August 31, 2010

	Operating Fund	Reserve Fund	Total
Revenue:			
Member assessments	\$ 204,730	\$ -	\$ 204,730
Interest income	31	1,870	1,901
Insurance proceeds	<u>-</u>	<u>350,341</u>	<u>350,341</u>
Total Revenue	<u>204,761</u>	<u>352,211</u>	<u>556,972</u>
Expenses:			
Common area replacements	-	350,341	350,341
Repairs and maintenance	120,476	10,371	130,847
Snow removal	25,000	-	25,000
Insurance	23,229	-	23,229
Rubbish removal	16,880	-	16,880
Interest	15,091	-	15,091
Professional fees	14,327	-	14,327
Depreciation	9,956	-	9,956
Utilities	2,512	-	2,512
Bad debt	1,195	-	1,195
Reimbursement	674	-	674
Filing fees	515	-	515
Supplies	468	-	468
Income taxes	456	-	456
Postage	149	-	149
Contributions	125	-	125
Other	<u>3,043</u>	<u>-</u>	<u>3,043</u>
Total Expenses	<u>234,096</u>	<u>360,712</u>	<u>594,808</u>
Excess (deficiency) of Revenue Over Expenses	(29,335)	(8,501)	(37,836)
Fund Balance, beginning of year	<u>57,894</u>	<u>47,184</u>	<u>105,078</u>
Fund Balance, end of year	<u>\$ 28,559</u>	<u>\$ 38,683</u>	<u>\$ 67,242</u>

See accompanying notes and accountants' review report.

PAUL REVERE VILLAGE ASSOCIATION

Statement of Cash Flows

Year Ended August 31, 2010

	Operating Fund	Reserve Fund	Total
Cash Flows from Operating Activities:			
Excess (deficiency) of revenue over expenses	\$ (29,335)	\$ (8,501)	\$ (37,836)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash used in operating activities:			
Depreciation	9,956	-	9,956
(Increase) decrease in:			
Accounts receivable	(7,157)	-	(7,157)
Increase (decrease) in:			
Accrued expenses	950	-	950
Deferred revenue	<u>-</u>	<u>(350,341)</u>	<u>(350,341)</u>
Total adjustments	<u>3,749</u>	<u>(350,341)</u>	<u>(346,592)</u>
Net Cash Used In Operating Activities	<u>(25,586)</u>	<u>(358,842)</u>	<u>(384,428)</u>
Cash Flows from Investing Activities			
Purchase of property and equipment	<u>(210,586)</u>	<u>-</u>	<u>(210,586)</u>
Net Cash Used in Investing Activities	<u>(210,586)</u>	<u>-</u>	<u>(210,586)</u>
Cash Flows from Financing Activities			
Proceeds from note payable	243,221	-	243,221
Payments on note payable	<u>(17,112)</u>	<u>-</u>	<u>(17,112)</u>
Net Cash Provided by Financing Activities	<u>226,109</u>	<u>-</u>	<u>226,109</u>
Decrease in Cash and Cash Equivalents	(10,063)	(358,842)	(368,905)
Cash and Cash Equivalents, beginning of year	<u>19,182</u>	<u>397,525</u>	<u>416,707</u>
Cash and Cash Equivalents, end of year	<u>\$ 9,119</u>	<u>\$ 38,683</u>	<u>\$ 47,802</u>

See accompanying notes and accountants' review report.

PAUL REVERE VILLAGE ASSOCIATION

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Paul Revere Village Association (the Association) was established on September 17, 1984 to administer, maintain and manage the common areas at 1-58 Lexington Road, 1-16 Meetinghouse Lane, 1-14 Village Green, and 1-10 Concord Road, Millbury, Massachusetts. The Paul Revere Condominium consists of 27 buildings with 98 residential units.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Income Taxes - Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended August 31, 2010, the Association elected to be taxed as a regular corporation and filed Form 1120. Under that election, the Association is taxed on its income, at graduated effective tax rates of 15% to 39%. There are no unrecognized tax benefits and tax returns remain subject to examination by major tax jurisdictions for the standard three year statute of limitations.

Member Assessments - The Association charged its members condominium fees on a monthly basis at a rate of \$170 per month during 2010. These assessments are for common area expenses expected to be incurred by the Association during the fiscal year.

Interest Income - Interest income is allocated to the operating and replacement fund in proportion to the interest-bearing deposits of each fund.

Property and Equipment - Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements as those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it over the estimated useful life using the straight-line depreciation method.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PAUL REVERE VILLAGE ASSOCIATION

Notes to Financial Statements (continued)

2. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$38,700 at August 31, 2010, are held in separate accounts and generally not available for operating purposes. Interest earned on these funds is allocated to the replacement fund. As of August 31, 2010, the Association has not approved an independent study to determine the estimated useful lives and replacement costs of the components of common property.

During the year ended August 31, 2010, expenditures from the reserve fund consisted of the following:

Siding and repairs	<u>\$ 360,712</u>
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Amounts accumulated in the replacement 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.

3. PROPERTY AND EQUIPMENT

Property and equipment, together with estimated useful lives, consists of the following at August 31, 2010:

	Estimated Useful Lives	
Building improvements	10-40 years	\$ 330,035
Furniture and fixtures	5-7 years	<u>2,550</u>
		332,585
Less: accumulated depreciation		<u>(42,982)</u>
Net Property and Equipment		<u>\$ 289,603</u>

Depreciation expense for the year ended August 31, 2010 was \$9,956.

PAUL REVERE VILLAGE ASSOCIATION

Notes to Financial Statements (continued)

4. LONG-TERM DEBT

Bank note payable, secured by real property, due in monthly installments of \$3,600, including interest at 7.25%, due November 2019.

\$ 289,417

Less: current portion

(22,988)

Long-term debt, net of current portion

\$ 266,429

Future maturities are due as follows:

2011	\$ 22,988
2012	24,711
2013	26,563
2014	28,554
2015	30,694
Thereafter	<u>155,907</u>

\$ 289,417

5. SUBSEQUENT EVENTS

The Association has evaluated the financial statement impact of subsequent events occurring through March 8, 2011, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PAUL REVERE VILLAGE ASSOCIATION

Statement of Activities and Change in Net Assets

Three Year Analysis

	8/31/2010	8/31/2010	8/31/2009	8/31/2008
	Operating	Total		
	Fund Only			
Revenue:				
Program service fees	\$ 204,730	\$ 204,730	\$ 203,826	\$ 203,400
Interest income	31	1,901	620	566
Insurance proceeds	-	350,341	-	-
Other income	-	-	-	5,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	204,761	556,972	204,446	209,466
Expenses:				
Maintenance	120,476	481,188	77,519	135,131
Snow plowing	25,000	25,000	25,500	25,000
Insurance	23,229	23,229	25,265	23,945
Rubbish removal	16,880	16,880	17,012	14,208
Interest	15,091	15,091	5,881	6,481
Professional fees	14,327	14,327	6,135	6,795
Depreciation	9,956	9,956	7,339	7,339
Utilities	2,512	2,512	3,659	3,317
Bad debt expense	1,195	1,195	5,428	1,445
Supplies	468	468	356	763
Taxes	456	456	456	456
Other	4,506	4,506	2,825	3,291
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	234,096	594,808	177,375	228,171
Change in Net Assets	<u>\$ (29,335)</u>	<u>\$ (37,836)</u>	<u>\$ 27,071</u>	<u>\$ (18,705)</u>

