

FIRE ISLAND PINES PROPERTY
OWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 and 2014

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

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ESPOSITO, FUCHS, TAORMINA & CO.
COURTHOUSE PLAZA
267 CARLETON AVENUE, SUITE 202
CENTRAL ISLIP, NEW YORK 11722

631 - 297-8350
FAX: 631-297-8358

JOSEPH A. TAORMINA, C.P.A.
JEFFREY S. FUCHS, C.P.A.
CARL R. GRAVANO, C.P.A.

MEMBERS-NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MURRAY FUCHS, C.P.A. (1956-2011)
NEIL B. ESPOSITO, (1961-2007)
JOSEPH ZAK, C.P.A. (1939-1991)

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Fire Island Pines Property Owners' Association, Inc.

We have audited the accompanying Statements of Financial Position of Fire Island Pines Property Owners' Association, Inc. (a tax exempt organization), which comprise the balance sheets as of December 31, 2015 and December 31, 2014, and the related Statements of Activities 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 Fire Island Pines Property Owners' Association, Inc. as of December 31, 2015 and December 31, 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Esposito, Fuchs, Taormina & Co

ESPOSITO, FUCHS, TAORMINA & CO.
Central Islip, NY

June 23, 2016
pls

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

BALANCE SHEET

	As of <u>December 31, 2015</u>	As of <u>December 31, 2014</u>
ASSETS		
Current Assets:		
Cash in Operating Account	\$ 90,103	\$ 91,157
Money Market	172,176	172,004
Certificates of Deposits	247,781	610,946
Marketable Securities - Available For Sale	360,047	-
Accounts Receivable	50,778	81,444
Prepaid Expenses	<u>11,067</u>	<u>14,780</u>
Total Current Assets	931,952	970,331
Property, Equipment and Improvements - Net of Depreciation	<u>308,846</u>	<u>339,638</u>
Total Assets	<u><u>\$ 1,240,798</u></u>	<u><u>\$ 1,309,969</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	<u>\$ 5,000</u>	<u>\$ 19,520</u>
Total Current Liabilities	5,000	19,520
Net Assets		
Unrestricted	633,775	685,649
Restricted - Board Designated	604,800	604,800
Accumulated Other Comprehensive Income	<u>(2,777)</u>	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 1,240,798</u></u>	<u><u>\$ 1,309,969</u></u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES AND COMPRENSHIVE INCOME

	Year Ended December 31, 2015	Year Ended December 31, 2014
REVENUES		
Boat Slip Rentals	\$ 151,361	\$ 165,289
Other Rental Income	175,000	181,695
Membership Dues and Donations	95,615	96,725
Miscellaneous Income	15,380	19,340
Interest Income	4,190	5,358
Investment Income	1,977	-
	<hr/>	<hr/>
Total Revenues	443,523	468,407
	<hr/>	<hr/>
EXPENSES		
Program Services:		
Harbor	219,216	192,821
Contributions to the Foundation	-	50,000
Beach and Community Clean-Up	46,553	44,674
	<hr/>	<hr/>
Total Program Services	265,769	287,495
Supporting Services:		
Management and General	198,836	156,374
	<hr/>	<hr/>
Total Expenses before Depreciation	464,605	443,869
	<hr/>	<hr/>
(Decrease) / Increase in Net Assets before Depreciation	(21,082)	24,538
Depreciation	30,792	30,917
	<hr/>	<hr/>
(Decrease) / Increase in Net Assets before Other Expenses	(51,874)	(6,379)
Insurance Deductible	-	1,823
	<hr/>	<hr/>
(Decrease) / Increase in Net Assets	(51,874)	(8,202)
Other Comprehensive Income (Loss)		
Unrealized holding gains or (losses) on marketable securities arising during the year	(2,777)	-
	<hr/>	<hr/>
Comprehensive Income (Loss)	(54,651)	(8,202)
Net Assets, Beginning of Year	1,290,449	1,298,651
	<hr/>	<hr/>
Net Assets, End of Year	\$ 1,235,798	\$ 1,290,449
	<hr/>	<hr/>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

	Year Ended <u>December 31, 2015</u>	Year Ended <u>December 31, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) / Increase in Net Assets	\$ (54,651)	\$ (8,202)
Adjustments to reconcile change in Net Assets provided by Operating Activities:		
Depreciation	30,792	30,917
(Increase) Decrease in Current Assets:		
Account Receivable	30,666	(19,966)
Prepaid Expenses	4,266	-
(Decrease) Increase in Liabilities:		
Accounts Payable and Accrued Expenses	(19,520)	7,301
Harbor Seasonal Deposits	<u>5,000</u>	<u>-</u>
Net Cash (Used) for Provided by Operating Activities	<u>(3,447)</u>	<u>10,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities - available for sale	<u>(360,047)</u>	<u>-</u>
Cash (Used) for Investing Activites	<u>(360,047)</u>	<u>-</u>
Net (Decrease) / Increase in Cash	(363,494)	10,050
Cash, Beginning of Year	<u>874,107</u>	<u>864,057</u>
Cash, End of Year	<u><u>\$ 510,613</u></u>	<u><u>\$ 874,107</u></u>
SUPPLEMENTAL DISCLOSURES:		
Interest Paid During the Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

Fire Island Pines Property Owners' Association, Inc. (Association) is an exempt organization under Section 501(c)(4) of the Internal Revenue Code. The Association was established to own and maintain the Association's property in Fire Island Pines in the Town of Brookhaven, County of Suffolk and State of New York, for the benefit of its property owners.

The accounts of a related Charitable Foundation (The Foundation) and a Political Action Committee are not included in The Association's financial statements.

ACCOUNTING BASIS

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

USE OF ESTIMATES

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

REVENUE

Members' dues are voluntary and are recorded as income when received. Boat slip and other harbor rentals are reflected as income during the operating season. Boat slip rentals received in advance are reflected as deferred income.

FINANCIAL STATEMENT PRESENTATION

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organization*, the Association recognizes three classes of net assets; unrestricted, temporarily restricted and permanently restricted net assets. The Association has not had any transaction for legally restricted assets.

CONTRIBUTIONS

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Association has not received restricted contributions.

CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

Financial instruments, which potentially subject the Association to concentration of credit risk, consist principally of temporary cash investments and money market funds. The Association places its temporary cash and other investments with high-credit, quality financial institutions and securities dealers, which may exceed federally and privately insured amounts at times. The balances are insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to \$250,000. At December 31, 2015, uninsured cash balances were approximately \$4,513. The Association believes it is not exposed to any significant credit risk on uninsured amounts.

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

MARKETABLE SECURITIES

The Company determines cost of marketable securities using the average cost method for purposes of calculating realized gains or losses.

Effective January 1, 2015, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." SFAS No. 130 requires that all items that meet the definition of a component of comprehensive income be reported in a financial statement for the fiscal period in which they are recognized. Comprehensive income is defined to include not only net income but also the change in equity of a business enterprise during a period from transactions and includes unrealized gains and losses on marketable securities.

FIXED ASSETS

Property, equipment and improvements are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Fully depreciated assets are removed from the accounts.

UNRESTRICTED NET ASSETS

The Association's governing documents do not require the accumulation of funds to finance future major repairs and replacements. The Board of Directors has established reserve funds for future repairs, improvements and contingencies of \$604,800 for 2015 and \$604,800 for 2014.

TAX EXEMPT STATUS

As a tax-exempt organization, no provision for federal or state income taxes has been recorded in the accompanying financial statements. "Unrelated business income", if any, would be subject to income taxes.

NOTE 2 – MARKETABLE EQUITY SECURITIES – AVAILABLE FOR SALE

The Association's investment in marketable securities at December 31, 2015 consists of the following:

Unrestricted:

Equity Securities at Cost:

9,559 shares of Vanguard Inter-Term Bond Index Adm	\$ 108,786
1,339 shares of Vanguard 500 Index Fund Adm	<u>254,038</u>
	362,824
Less: Gross unrealized holding losses	<u>(2,777)</u>
Aggregate Fair Value	<u>\$ 360,047</u>

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 – PROPERTY, EQUIPMENT AND IMPROVEMENTS

Property, equipment and improvements consist of the following:

	Estimated Useful Life – Years	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Harbor Improvements	10 to 25	\$ 614,754	\$ 614,754
Equipment	5 to 15	<u>13,532</u>	<u>13,532</u>
Total Property, Equipment and Improvements		628,286	628,286
Accumulated Depreciation		<u>319,440</u>	<u>288,648</u>
Total Net Property, Equipment and Improvements		<u>\$ 308,846</u>	<u>\$ 339,638</u>

A Harbor renovation, completed in 2006, was financed by a \$2,200,000 Suffolk County Tax District bond issue, to be repaid by property owners' real estate taxes. Harbor Improvements include approximately \$366,000 in connection with establishment of the Tax District, engineering, and other renovation costs in excess of the bond issue. In connection with the transaction, the Association leased its harbor property to the Tax District as security for the bond issue. All harbor income is collected by the Association. The \$2,200,000 financed by the bond is not included in these financial statements.

The Board of Directors approved the construction by the Foundation of a new Community Center on the site of the former Community House. The new Center opened in June 2007. In this connection, in December 2007, the Association contributed its land to the Foundation.

NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

Costs of providing various programs and supporting services have been reflected on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5 – DONATED SERVICES

No amounts have been included in the financial statements for donated services, as no objective basis is available to measure the value of such services.

NOTE 6 – RELATED PARTY TRANSACTIONS

In the event the Association was to be dissolved, the property owned by the Association would revert to the property owners of Fire Island Pines.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To The Board of Directors of
Fire Island Pines Property Owners' Association, Inc.
Fire Island Pines, New York

Our report on our audit of the basic financial statements of Fire Island Pines Property Owners' Association, Inc. for December 31, 2015 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of net operating revenues and functional expenses for the year ended December 31, 2015, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.



ESPOSITO, FUCHS, TAORMINA & CO.
Central Islip, NY

June 23, 2016
pls

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

SUPPLEMENTARY SCHEDULE

STATEMENTS OF NET OPERATING REVENUES BEFORE DEPRECIATION

FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

	PROGRAM SERVICES			SUPPORTING SERVICES	TOTAL		
	Harbor	Contributions to the Foundation	Beach and Community Clean-Up	Total Program Services	Management and General	Year Ended 12/31/2015	Year Ended 12/31/2014
REVENUES							
Boat Slips Rentals:							
Seasonal	\$ 121,885	\$ -	\$ -	\$ 121,885	\$ -	\$ 121,885	\$ 133,993
Transients	29,476	-	-	29,476	-	29,476	31,296
Total Boat Slip Rentals	151,361	-	-	151,361	-	151,361	165,289
Other Rental Income:							
Ferry Service	35,000	-	-	35,000	-	35,000	34,013
Freight Service	12,000	-	-	12,000	-	12,000	12,000
Garbage	90,000	-	-	90,000	-	90,000	90,000
Gas Platform	6,700	-	-	6,700	-	6,700	8,482
Freight Dock Usage, etc.	26,000	-	-	26,000	-	26,000	33,500
Parking	-	-	-	-	5,300	5,300	3,700
Total Other Rental Income	169,700	-	-	169,700	5,300	175,000	181,695
Membership Dues and Donations	-	-	-	-	95,615	95,615	96,725
Miscellaneous Income	6,320	-	-	6,320	9,060	15,380	19,340
Interest Income	-	-	-	-	4,190	4,190	-
Investment Income	-	-	-	-	1,977	1,977	5,358
Total Revenues	327,381	-	-	327,381	116,142	443,523	468,407
Total Functional Expenses- Before Other Comprehensive Income (Loss) and Depreciation	219,216	-	46,553	265,769	198,836	464,605	443,869
Net Operating Revenues Before Other Comprehensive Income (Loss) and Depreciation	108,165	-	(46,553)	61,612	(82,694)	(21,082)	24,538
Other Comprehensive Income (Loss) Unrealized holding income (loss) on marketable securities arising during the year	-	-	-	-	(2,777)	(2,777)	-
Net Operating Revenues Before Depreciation	\$ 108,165	\$ -	\$ (46,553)	\$ 61,612	\$ (85,471)	\$ (23,859)	\$ 24,538

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

SUPPLEMENTARY SCHEDULE

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		Total year ended <u>12/31/2015</u>	Total year ended <u>12/31/2014</u>
	<u>Harbor</u>	Contributions to the <u>Foundation</u>	Beach and Community <u>Clean-Up</u>	Total Program <u>Services</u>	Management and General		
EXPENSES:							
Salaries	\$ 80,487	\$ -	\$ 26,664	\$ 107,151	\$ 71,080	\$ 178,231	\$ 171,195
Payroll Taxes & Insurance	<u>7,142</u>	<u>-</u>	<u>2,729</u>	<u>9,871</u>	<u>9,746</u>	<u>19,617</u>	<u>21,795</u>
Total Employee Compensation	87,629	-	29,393	117,022	80,826	197,848	192,990
Contribution to Foundation	-	-	-	-	-	-	50,000
Maintenance, Repairs and Supplies	37,687	-	7,609	45,296	2,448	47,744	39,906
Utilities	22,837	-	-	22,837	-	22,837	26,169
Real Estate Taxes	2,914	-	-	2,914	-	2,914	3,067
Travel, Ferry and Parking	4,208	-	2,228	6,436	2,596	9,032	8,676
Legal Fees	10,644	-	-	10,644	5,889	16,533	1,750
Accounting Fees	-	-	-	-	5,000	5,000	5,850
Insurance	35,737	-	5,807	41,544	31,548	73,092	57,630
Consultants	-	-	-	-	966	966	3,586
Post Office	-	-	-	-	11,130	11,130	10,168
Advertising and Promotion	1,804	-	-	1,804	3,868	5,672	6,564
Telephone and Internet	1,590	-	1,516	3,106	3,152	6,258	6,444
Contributions	-	-	-	-	24,000	24,000	2,500
Credit Card	2,314	-	-	2,314	3,101	5,415	5,691
Miscellaneous	<u>11,852</u>	<u>-</u>	<u>-</u>	<u>11,852</u>	<u>24,312</u>	<u>36,164</u>	<u>22,878</u>
Subtotal	219,216	-	46,553	265,769	198,836	464,605	443,869
Insurance Deductible	-	-	-	-	-	-	1,823
Depreciation	<u>29,044</u>	<u>-</u>	<u>-</u>	<u>29,044</u>	<u>1,748</u>	<u>30,792</u>	<u>30,917</u>
Total Expenses	<u>\$ 248,260</u>	<u>\$ -</u>	<u>\$ 46,553</u>	<u>\$ 294,813</u>	<u>\$ 200,584</u>	<u>\$ 495,397</u>	<u>\$ 476,609</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS