

FIRE ISLAND PINES PROPERTY  
OWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

TABLE OF CONTENTS

DECEMBER 31, 2012

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 – 7
SUPPLEMENTARY SCHEDULES	
Report on Supplementary Information	8
Statements of Net Operating Revenues before Depreciation	9
Statements of Functional Expenses	10

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

We have audited the accompanying Statements of Financial Position of Fire Island Pines Property Owners' Association, Inc. (a tax exempt organization) as of December 31, 2012 and December 31, 2011, and the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fire Island Pines Property Owners' Association, Inc. as of December 31, 2012 and December 31, 2011, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

  
ESPOSITO, FUCHS, TAORMINA & CO.

August 14, 2013  
pls

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

	As of <u>December 31, 2012</u>	As of <u>December 31, 2011</u>
<b>ASSETS</b>		
Current Assets:		
Cash in Operating Account	\$ 85,956	\$ 34,636
Money Market	171,663	221,485
Certificates of Deposits	590,278	603,738
Accounts Receivable	30,000	21,167
Prepaid Expenses	<u>13,940</u>	<u>16,195</u>
Total Current Assets	891,837	897,221
Property, Equipment and Improvements - Net of Depreciation	<u>361,470</u>	<u>389,858</u>
Total Assets	<u><u>\$ 1,253,307</u></u>	<u><u>\$ 1,287,079</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 10,417	\$ 6,983
Harbor Seasonal Deposits	<u>2,000</u>	<u>5,623</u>
Total Current Liabilities	12,417	12,606
Net Assets		
Unrestricted	654,090	687,673
Restricted	<u>586,800</u>	<u>586,800</u>
Total Liabilities and Net Assets	<u><u>\$ 1,253,307</u></u>	<u><u>\$ 1,287,079</u></u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

	Year Ended <u>December 31, 2012</u>	Year Ended <u>December 31, 2011</u>
REVENUES		
Boat Slip Rentals	\$ 164,550	\$ 169,047
Other Rental Income	175,955	155,771
Membership Dues and Donations	72,925	69,795
Miscellaneous Income	7,350	14,012
Interest Income	<u>9,244</u>	<u>14,379</u>
Total Revenues	<u>430,024</u>	<u>423,004</u>
EXPENSES		
Program Services:		
Harbor	155,446	167,720
Contributions to the Foundation	100,000	100,000
Beach and Community Clean-Up	<u>43,516</u>	<u>41,880</u>
Total Program Services	298,962	309,600
Supporting Services:		
Management and General	<u>136,257</u>	<u>140,076</u>
Total Expenses before Depreciation	<u>435,219</u>	<u>449,676</u>
(Decrease) / Increase in Net Assets before Depreciation	(5,195)	(26,672)
Depreciation	<u>28,388</u>	<u>28,584</u>
(Decrease) / Increase in Net Assets	(33,583)	(55,256)
Net Assets, Beginning of Year	<u>1,274,473</u>	<u>1,329,729</u>
Net Assets, End of Year	<u><u>\$ 1,240,890</u></u>	<u><u>\$ 1,274,473</u></u>

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, 2012</u>	Year Ended <u>December 31, 2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) / Increase in Net Assets	\$ (33,583)	\$ (55,256)
Adjustments to reconcile change in Net Assets provided by Operating Activities:		
Depreciation	28,388	28,584
(Increase) Decrease in Current Assets:		
Account Receivable	(8,833)	(247)
Prepaid Expenses	2,255	(3,430)
(Decrease) Increase in Liabilities:		
Accounts Payable and Accrued Expenses	3,434	(14,973)
Harbor Seasonal Deposits	<u>(3,623)</u>	<u>(10,010)</u>
Net Cash (Used) for Provided by Operating Activities	<u>(11,962)</u>	<u>(55,332)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) of Property, Equipment and Improvements	<u>-</u>	<u>(4,226)</u>
Cash (Used) for Investing Activities	<u>-</u>	<u>(4,226)</u>
Net (Decrease) / Increase in Cash	(11,962)	(59,558)
Cash, Beginning of Year	<u>859,859</u>	<u>919,417</u>
Cash, End of Year	<u><u>\$ 847,897</u></u>	<u><u>\$ 859,859</u></u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
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, 2012

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, 2012, uninsured cash balances were approximately \$90,252. 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, 2012

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 \$586,800.

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 – PROPERTY, EQUIPMENT AND IMPROVEMENTS

Property, equipment and improvements consist of the following:

	Estimated Useful Life – Years	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Harbor Improvements	10 to 25	\$ 573,895	\$ 573,895
Equipment	5 to 15	<u>13,532</u>	<u>13,532</u>
Total Property, Equipment and Improvements		587,427	587,427
Accumulated Depreciation		<u>225,957</u>	<u>197,569</u>
Total Net Property, Equipment and Improvements		<u>\$ 361,470</u>	<u>\$ 389,858</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.



FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 – 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 4 – 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 5 – 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, 2012 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, 2012, 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.

August 14, 2013  
pls

FIRE ISLAND PINES PROPERTY OWNERS' ASSOCIATION, INC.

SUPPLEMENTARY SCHEDULE

STATEMENTS OF NET OPERATING REVENUES BEFORE DEPRECIATION

FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

	PROGRAM SERVICES			SUPPORTING SERVICES	TOTAL		
	Harbor	Contributions to the Foundation	Beach and Community Clean-Up	Total Program Services	Management and General	Year Ended 12/31/2012	Year Ended 12/31/2011
REVENUES							
Boat Slips Rentals:							
Seasonal	\$ 143,786	\$ -	\$ -	\$ 143,786	\$ -	\$ 143,786	\$ 147,143
Transients	20,764	-	-	20,764	-	20,764	21,904
Total Boat Slip Rentals	164,550	-	-	164,550	-	164,550	169,047
Other Rental Income:							
Ferry Service	32,490	-	-	32,490	-	32,490	31,000
Freight Service	28,322	-	-	28,322	-	28,322	25,683
Garbage	90,000	-	-	90,000	-	90,000	80,000
Gas Platform	6,078	-	-	6,078	-	6,078	5,788
Freight Dock Usage, etc.	15,450	-	-	15,450	-	15,450	13,300
Parking	-	-	-	-	3,615	3,615	-
Total Other Rental Income	172,340	-	-	172,340	3,615	175,955	155,771
Membership Dues and Donations	-	-	3,000	3,000	69,925	72,925	69,795
Miscellaneous Income	2,700	-	-	2,700	4,650	7,350	14,012
Interest Income	-	-	-	-	9,244	9,244	14,379
Total Revenues	339,590	-	3,000	342,590	87,434	430,024	423,004
Total Functional Expenses- Before Deprecation	155,446	100,000	43,516	298,962	136,257	435,219	449,676
Net Operating Revenues Before Depreciation	\$ 184,144	\$ (100,000)	\$ (40,516)	\$ 43,628	\$ (48,823)	\$ (5,195)	\$ (26,672)

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, 2012 AND DECEMBER 31, 2011

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		Total year ended 12/31/2012	Total year ended 12/31/2011
	<u>Harbor</u>	<u>Contributions to the Foundation</u>	<u>Beach and Community Clean-Up</u>	<u>Total Program Services</u>	<u>Management and General</u>		
EXPENSES:							
Salaries	\$ 68,955	\$ -	\$ 25,500	\$ 94,455	\$ 67,579	\$ 162,034	\$ 163,288
Payroll Taxes & Insurance	<u>7,252</u>	<u>-</u>	<u>2,879</u>	<u>10,131</u>	<u>7,599</u>	<u>17,730</u>	<u>19,507</u>
Total Employee Compensation	76,207	-	28,379	104,586	75,178	179,764	182,795
Contribution to Foundation	-	100,000	-	100,000	-	100,000	100,000
Maintenance, Repairs and Supplies	11,199	-	2,413	13,612	2,404	16,016	32,533
Utilities	28,408	-	-	28,408	-	28,408	28,103
Security	600	-	-	600	-	600	-
Real Estate Taxes	3,124	-	-	3,124	-	3,124	3,019
Travel	6,487	-	2,243	8,730	3,061	11,791	10,551
Legal Fees	-	-	-	-	-	-	950
Accounting Fees	-	-	-	-	5,550	5,550	5,500
Insurance	22,830	-	4,522	27,352	19,907	47,259	38,589
Consultants	-	-	-	-	-	-	-
Post Office	-	-	-	-	9,940	9,940	9,420
Mailings, Newsletter and Advertising	1,145	-	-	1,145	5,415	6,560	9,199
Telephone	1,745	-	679	2,424	2,181	4,605	4,715
Credit Card	2,145	-	-	2,145	2,077	4,222	3,935
Miscellaneous	<u>1,556</u>	<u>-</u>	<u>5,280</u>	<u>6,836</u>	<u>10,544</u>	<u>17,380</u>	<u>20,367</u>
Subtotal	155,446	100,000	43,516	298,962	136,257	435,219	449,676
Depreciation	<u>27,511</u>	<u>-</u>	<u>-</u>	<u>27,511</u>	<u>877</u>	<u>28,388</u>	<u>28,584</u>
Total Expenses	<u>\$ 182,957</u>	<u>\$ 100,000</u>	<u>\$ 43,516</u>	<u>\$ 326,473</u>	<u>\$ 137,134</u>	<u>\$ 463,607</u>	<u>\$ 478,260</u>

SEE AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS