

STEEPLECHASE COMMUNITY
SERVICES ASSOCIATION, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Steeplechase Community Services Association, Inc.
Pittsburgh, Pennsylvania

We have reviewed the accompanying financial statements of Steeplechase Community Services Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses and accumulated excess of revenues over expenses and other changes in fund balances, comprehensive income and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Managements' 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 due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Steeplechase Community Services Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Comparative Information

Information for the year ended December 31, 2020, is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year. Those financial statements were reviewed by us and our report thereon dated September 27, 2021, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

The Supplementary Schedules of Selected Expenses on page 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have compiled the supplementary information in accordance with Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and, do not express an opinion, a conclusion, nor provide any assurance on it.



Pittsburgh, Pennsylvania
December 13, 2022

STEEPLECHASE COMMUNITY SERVICES ASSOCIATION, INC.

BALANCE SHEETS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>			<u>2020</u>
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 79,307	\$ 464	\$ 79,771	\$ 164,724
Marketable securities	-	460,472	460,472	443,095
Amounts due from members, net of allowance for doubtful accounts of \$942 and \$707	4,522	-	4,522	7,604
Other receivables	-	825	825	778
Prepaid income tax	-	10,933	10,933	-
Due from the Replacement Fund	116,134	-	116,134	-
Due from the Operating Fund	-	-	-	6,020
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 199,963</u>	<u>\$ 472,694</u>	<u>\$ 672,657</u>	<u>\$ 622,221</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 683	\$ 6,421	\$ 7,104	\$ 416
Accrued income tax	-	-	-	11,935
Prepaid member assessments	9,302	-	9,302	9,156
Due to the Operating Fund	-	116,134	116,134	-
Due to the Replacement Fund	-	-	-	6,020
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	9,985	122,555	132,540	27,527

FUND BALANCES

Accumulated excess of revenue over expenses	189,978	347,374	537,352	579,841
Accumulated other comprehensive income:				
Unrealized gain on marketable securities	-	2,765	2,765	14,853
	<u>-</u>	<u>2,765</u>	<u>2,765</u>	<u>14,853</u>
TOTAL FUND BALANCES	<u>189,978</u>	<u>350,139</u>	<u>540,117</u>	<u>594,694</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 199,963</u>	<u>\$ 472,694</u>	<u>\$ 672,657</u>	<u>\$ 622,221</u>

See accompanying notes and accountants' report.

STEEPLECHASE COMMUNITY SERVICES ASSOCIATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND ACCUMULATED EXCESS OF
REVENUES OVER EXPENSES AND OTHER CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
<u>REVENUES</u>				
Member assessments	\$ 273,873	\$ 37,956	\$ 311,829	\$ 311,756
Capitalization fees	-	22,100	22,100	15,248
Bad debt recovery	-	-	-	7,401
Marketing fees	-	3,213	3,213	37,895
Investment income	-	12,975	12,975	14,178
Other income	3,466	-	3,466	9,706
	277,339	76,244	353,583	396,184
<u>EXPENSES</u>				
Administrative expenses	84,860	-	84,860	73,618
Maintenance expenses	145,164	150,979	296,143	139,346
Utilities	2,880	-	2,880	2,781
Miscellaneous	5,960	-	5,960	5,835
Bad debt expense	2,307	-	2,307	707
Income tax	-	3,922	3,922	14,546
	241,171	154,901	396,072	236,833
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	36,168	(78,657)	(42,489)	159,351
BEGINNING ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AND OTHER CHANGES IN FUND BALANCES	153,810	426,031	579,841	420,490
ENDING ACCUMULATED EXCESS OF REVENUES OVER EXPENSES AND OTHER CHANGES IN FUND BALANCES	\$ 189,978	\$ 347,374	\$ 537,352	\$ 579,841

See accompanying notes and accountants' report.

STEEPLECHASE COMMUNITY SERVICES ASSOCIATION, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
Excess (deficit) of revenues over expenses	\$ 36,168	\$ (78,657)	\$ (42,489)	\$ 159,351
Net change in unrealized gain (loss) on investments	-	(12,088)	(12,088)	14,084
COMPREHENSIVE INCOME (LOSS)	\$ 36,168	\$ (90,745)	\$ (54,577)	\$ 173,435

See accompanying notes and accountants' report.

STEEPLECHASE COMMUNITY SERVICES ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020
	Operating Fund	Replacement Fund	Total	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Excess (deficit) of revenues over expenses	\$ 36,168	\$ (78,657)	\$ (42,489)	\$ 159,351
Adjustments to reconcile to net cash provided (used) by operating activities:				
Bad debts, less recoveries	2,307	-	2,307	(6,694)
<u>(Increase) Decrease in assets</u>				
Amounts due from members	775	-	775	4,253
Prepaid income tax	-	(10,933)	(10,933)	-
Other receivables	-	(47)	(47)	(778)
<u>Increase (Decrease) in liabilities</u>				
Accounts payable	267	6,421	6,688	(546)
Accrued income tax	-	(11,935)	(11,935)	10,234
Prepaid member assessments	146	-	146	(7,574)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	39,663	(95,151)	(55,488)	158,246
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchases of marketable securities, including reinvested income	-	(29,465)	(29,465)	(71,007)
NET CASH USED BY INVESTING ACTIVITIES	-	(29,465)	(29,465)	(71,007)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Interfund borrowings and transfers	(122,154)	122,154	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(122,154)	122,154	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(82,491)	(2,462)	(84,953)	87,239
Cash and cash equivalents, beginning of year	161,798	2,926	164,724	77,485
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 79,307	\$ 464	\$ 79,771	\$ 164,724

See accompanying notes and accountants' report.

STEEPLECHASE COMMUNITY SERVICES ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH COMPARATIVE INFORMATION FOR DECEMBER 31, 2020)

NOTE A - ORGANIZATION

The homeowners' association was organized in 1984 as a non-profit corporation for the purpose of operating and maintaining the common areas of Steeplechase Community Services Association, Inc., a 348 unit single-family townhouse community located in Whitehall Borough, six miles outside of the City of Pittsburgh, Pennsylvania.

NOTE B - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 13, 2022, the date the financial statements were available to be issued.

NOTE C - ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

Comparative Financial Statement Information

The financial statements include certain prior-year summarized comparative information in total but not by fund. Prior-year information is not provided in all cases for the notes to financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2020, from which the prior-year summarized information was derived.

Cash and Cash Equivalents

For purposes of balance sheet classification and the statement of cash flows, the Association considers all interest bearing accounts that are due on demand and any certificates of deposit with original maturities of three months or less, and that do not contain material early withdrawal penalties, to be cash equivalents.

Marketable Securities

Marketable securities consisted of the following at December 31, 2021 and 2020:

	2021			
	<u>Cost Basis</u>	<u>Value</u>	<u>Gain</u>	<u>Loss</u>
Bond mutual funds and ETFs	<u>\$ 457,707</u>	<u>\$ 460,472</u>	<u>\$ 6,475</u>	<u>\$ (3,709)</u>

	2020			
	<u>Cost Basis</u>	<u>Value</u>	<u>Gain</u>	<u>Loss</u>
Bond mutual funds and ETFs	<u>\$ 428,242</u>	<u>\$ 443,095</u>	<u>\$ 15,827</u>	<u>\$ (974)</u>

Net accumulated unrealized gain (loss) on marketable securities has been included in accumulated other comprehensive income.

Member Assessments

Assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists as it is defined by the Code. The Association does not defer the recognition of any portion of assessment revenue as a contract liability.

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. It is the Association's policy to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. As of December 31, 2021 and 2020, an allowance was made for possible bad debts for owners' balances totaling \$942 and \$707, respectively, as the Board of Directors does not anticipate favorable collection possibilities.

Capitalization fees

New members are required to pay two months of member assessments at the initial purchase of a unit.

Property and equipment

Real property and common areas received from the developer and related improvements to such property are not reflected as fixed assets on the Association's financial statements. That common real property is directly associated with the units and requires membership approval before disposition. Personal property acquired by the Association is capitalized at cost and depreciated over its estimated useful life.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE D - INCOME TAXES

The Association qualifies and has elected to be taxed as a tax-exempt homeowners' association under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose. Net nonexempt function income, such as interest income, is taxed at 30% by the federal government. The Association is not subject to Pennsylvania income tax.

The Association's federal income tax returns are no longer subject to examination by federal taxing authorities for years before 2019.

NOTE E - MANAGEMENT AGREEMENT

The Association currently has a management agreement with Community Management Advisors, Inc., which provides management services and off-site administrative and accounting services. The contract renews for successive periods until terminated by either party.

NOTE F - MARKETING FEES

In January 2020, the Association signed a 10-year service and marketing agreement with Comcast. The Association received a one-time lump sum payment of \$34,085. In addition, the Association will receive quarterly marketing support payments during the 10-year agreement based on a percentage of television, internet and voice services usage by the unit owners.

NOTE G - FUTURE MAJOR REPAIRS AND REPLACEMENTS

In August 2016, Miller Dodson Associates completed a study update for funding beginning in 2017. The funding requirement was calculated under both a component analysis method and a cash flow analysis method. The component analysis method ensures a regular accumulation of segregated funds for each item in the study. The cash flow analysis method assumes the capability to use any funds on hand for replacements as the needs arise and does not segregate funds on an individual basis. The component method calculates the 2022 annual funding requirement to be \$33,840. The cash flow analysis method calculates the 2022 annual funding requirement to be \$29,725. The schedule included in the Supplementary Information on Future Major Repairs and Replacement is based on this study. The schedule shows the one-time replacement cost of \$434,378 for the various components. The projected total replacement cost of these items over the 40-year study period is \$1,391,171.

The 2022 budget includes \$50,000 in Replacement Fund assessments for future major repairs and replacements. This amount is larger than the funding requirements of the reserve study. However, funds are being accumulated in the Replacement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from estimated future amounts, and the variations may be material. Therefore, 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, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

The Association used \$116,134 from the Operating Fund for Replacement Fund purposes as of December 31, 2021. The Association intends to repay this amount, and therefore, has reflected it as an interfund loan.

The Association used \$6,020 from the Replacement Fund for Operating Fund purposes as of December 31, 2020. The Association intends to repay this amount, and therefore, has reflected it as an interfund loan.

NOTE H - OTHER MATTER

The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern” and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has caused business disruptions domestically that are anticipated to continue for the foreseeable future. The extent and continued impact of the COVID-19 pandemic on the Association’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak, and related travel restrictions and the impact of the COVID-19 pandemic on overall demand for Association’s services, all of which are highly uncertain and cannot be predicted.

SUPPLEMENTARY INFORMATION

STEEPLECHASE COMMUNITY SERVICES ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULES OF SELECTED EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
<u>ADMINISTRATIVE EXPENSES</u>		
Social functions	\$ 9,622	\$ 921
Welcome committee	1,005	-
Annual owners' meeting	4,094	-
Contributions	1,509	1,550
Other association expenses	650	310
Website expense	700	2,200
Real estate taxes	96	96
Insurance	2,283	4,236
Stenographic	500	600
Collection costs	647	612
Other office services	2,384	608
Newsletter copies	490	1,953
Postage	1,866	1,490
Stationery & printing	2,463	2,583
Committee expense	1,174	-
Accountant	3,500	4,950
Legal	1,127	1,509
Management	50,750	50,500
	<u>\$ 84,860</u>	<u>\$ 74,118</u>
 <u>MAINTENANCE EXPENSES</u>		
Lawns	\$ 72,342	\$ 69,289
Shrub purchase and care	31,122	23,219
Landscape improvements	-	3,302
Annual flowers	2,778	811
Chemical applications	13,598	10,165
Other land	8,487	701
Utility repair	1,797	181
Snow removal	15,040	15,040
	<u>145,164</u>	<u>122,708</u>
<u>Replacement Fund expenses</u>		
Landscape improvements	150,979	16,638
	<u>150,979</u>	<u>16,638</u>
	<u>\$ 296,143</u>	<u>\$ 139,346</u>

See accompanying notes and accountants' report.

STEEPLECHASE COMMUNITY SERVICES ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

The following table is based on the study referred to in Note G of the financial statements and presents significant information about the components of common property.

<u>Component</u>	<u>Estimated Remaining Useful Lives at Time of Study (Years)</u>	<u>Estimated Replacement Cost at Time of Study</u>
Governor driveway asphalt, 20%	1-17	\$ 151,485
Paddock Road asphalt	4	36,598
Parking area asphalt, 20%	2-18	41,400
Asphalt pavement patching, 5%	1	13,184
Sealcoat asphalt pavement	2	14,063
Asphalt curb, 20%	1-17	10,750
Concrete parking, 6%	5	1,310
Concrete mailbox pads, 6%	3	513
Concrete curb - Hennig, 20%	6-42	8,345
Asphalt mailbox pad repairs	8	1,920
Cluster mailboxes	8	32,400
Site light fixture - head	6	10,000
Site light fixture - pole	14	37,000
Segmental retaining wall - reset, 10%	6	270
Segmental retaining wall - replace	69	3,300
Stormwater management allowance	4	5,500
Retention area allowance	4	5,000
Landscaping	0	28,000
Miscellaneous signage	1	1,000
Entry monument tuckpointing	19	1,000
Entry monument sign	19	3,840
Entry monument structure	39	18,000
Entry monument lighting	19	1,000
Entry monument electric service	39	2,500
Entry monument irrigation	9	1,200
Entry monument flagpole	39	4,800
		<u>\$ 434,378</u>

See accompanying notes and accountants' report.