

Edgemont at Tarrytown Condominium

**Financial statements and additional information
November 30, 2012 and 2011**

Edgemont at Tarrytown Condominium

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INDEPENDENT AUDITORS' REPORT

To: The Board of Managers
and unit-owners of
Edgemont at Tarrytown Condominium:

We have audited the accompanying balance sheet of Edgemont at Tarrytown Condominium as of November 30, 2012 and 2011 and the related statement of revenues and expenses and statement of cash flows for the years then ended. These financial statements are the responsibility of the Condominium'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 a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edgemont at Tarrytown Condominium as of November 30, 2012 and 2011 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.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 7 through 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Condominium's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except where indicated "unaudited," and upon which we express no opinion or other assurances, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of the America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

As more fully discussed in Note 4, Edgemont at Tarrytown Condominium, has omitted the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by the missing information.



SHEER & JAMPOL, L.L.P.
February 1, 2013

Edgemont at Tarrytown Condominium

Balance sheet

November 30,		2012	2011
Assets			
Current assets			
Cash - Hudson Valley Bank - operating account		\$ 13,574	\$ 44,531
Merrill Lynch Bank USA		105,719	171,640
Cash and equivalents	Note 2 & 7	119,293	216,171
Member common charges receivable		11,496	9,466
Accrued interest receivable		289	417
Prepaid expenses	Schedule 1	28,195	29,296
Total current assets		159,273	255,350
Fixed assets			
Machinery, equipment, furniture and fixtures		147,600	147,600
Accumulated depreciation		(96,013)	(86,788)
Total fixed assets	Note 2	51,587	60,812
Other assets			
Investments - held by Merrill Lynch	Notes 2 & 7 Schedule 2	128,870	151,462
Total assets		\$ 339,730	\$ 467,624
Liabilities & members' equity			
Current liabilities			
Accounts payable and accrued expenses	Schedule 3	\$ 27,307	\$ 99,188
Certiorari refunds due to unit owners		0	7,017
Prepaid member common charges		10,692	8,497
Total current liabilities		37,999	114,702
Members' equity			
Beginning balance		355,267	311,819
Excess of (expenses over revenues) revenues over expenses		(53,599)	43,448
Members' equity - ending balance		301,668	355,267
Net unrealized gain (loss) on marketable securities	Note 2	63	(2,345)
Total members' equity		301,731	352,922
Total liabilities and members' equity		\$ 339,730	\$ 467,624

See independent auditors' report and accompanying notes to the financial statement.

Edgemont at Tarrytown Condominium

Statement of revenues and expenses

Year ended November 30,		2012	2011
Revenues			
Member			
Common charges	Note 2	\$ 968,662	\$ 959,069
Reserve replenishment	Notes 2 & 6	177,685	187,037
Special assessment - pool restoration	Notes 2 & 6	0	135,015
Miscellaneous income		14,102	6,865
Total member revenue		1,160,449	1,287,986
Other			
Interest and dividend income		3,431	3,572
Total other revenues		3,431	3,572
Total revenues		1,163,880	1,291,558
Expenses			
Operating expenses	Schedule 4	543,222	527,788
Maintenance expenses	Schedule 5	257,366	287,294
Administrative expenses	Schedule 6	149,344	149,761
Taxes	Schedule 7	2,219	1,065
Major repairs and replacements	Schedule 8	256,029	274,446
Financial expenses	Schedule 9	74	120
Total expenses		1,208,254	1,240,474
Excess of (expenses over revenues)			
revenues over expenses before			
Depreciation		(44,374)	51,084
Depreciation		(9,225)	(7,636)
Excess of (expenses over revenues)			
revenues over expenses		\$ (53,599)	\$ 43,448

See independent auditors' report and accompanying notes to the financial statement.

Edgemont at Tarrytown Condominium

Statement of cash flows

Year ended November 30,	2012	2011
Cash flows from operating activities		
Excess of (expenses over revenues) revenues over expenses	\$ (53,599)	\$ 43,448
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to cash flows from operating activities:		
Depreciation	9,225	7,636
Changes in assets and liabilities:		
Member common charges receivable	(2,030)	(4,708)
Accrued interest receivable	128	(51)
Prepaid expenses and miscellaneous receivables	1,101	3,559
Accounts payable and accrued expenses	(71,881)	65,401
Certiorari refunds due to unit owners	(7,017)	0
Prepaid member assessments	2,195	(2,510)
Net cash (used) provided by operating activities	(121,878)	112,775
Cash flows from investing activities		
Purchase of common area property and equipment	0	(38,136)
Redemption (purchase) of investments - net	22,592	(14,236)
Net unrealized loss on marketable securities	2,408	14,237
Net cash provided (used) by investing activities	25,000	(38,135)
Net (decrease) increase in cash	(96,878)	74,640
Cash at beginning of year	216,171	141,531
Cash at end of year	\$ 119,293	\$ 216,171
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 578	\$ 852
Interest paid	\$ 74	\$ 120

See independent auditors' report and accompanying notes to the financial statement.

Edgemont at Tarrytown Condominium

Supporting schedules

Balance sheet

November 30, 2012 2011

Schedule 1

Prepaid expenses

Insurance	\$ 28,165	\$ 25,854
Real estate taxes	30	36
Income taxes	0	3,406

Total prepaid expenses	\$ 28,195	\$ 29,296
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Schedule 2

Other investments - held by Merrill Lynch

19,000 Structured Assets Securities - Series 2003		
5.75% - due 4/25/33 - available for sale	\$ 17,828	\$ 18,016
35,000 Countrywide Alternative Loan Trust - Series 2003		
5.25% - due 11/25/33 - available for sale	36,042	33,446
Certificates of deposit (held to maturity) -		
25,000 Apple Bank for Savings - 0.30% - due 12/27/12	25,000	0
25,000 Banco Popular - 0.40% - due 03/12/13	25,000	0
25,000 GE Capital Retail Bank - 0.45% - due 05/21/13	25,000	0
25,000 Bank of China - 0.30% - due 12/15/11	0	25,000
25,000 Bank of India - 0.25% - due 01/11/12	0	25,000
25,000 First Bank of Puerto Rico - 0.65% due 03/19/12	0	25,000
25,000 Bank Hapoalim - 0.30% - due 04/23/12	0	25,000

Total investments	\$ 128,870	\$ 151,462
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Schedule 3

Accounts payable and accrued expenses

Insurance	\$ 2,914	\$ 19,863
Electricity and gas	3,801	4,519
Repairs and maintenance	6,813	44,339
Landscaping	0	14,002
Water	6,196	5,221
Professional fees	6,000	10,164
Union	546	0
Federal corporate and New York State franchise taxes	630	0
Miscellaneous	407	1,080

Total accounts payable and accrued expenses	\$ 27,307	\$ 99,188
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See independent auditors' report.

Edgemont at Tarrytown Condominium

Supporting schedules Statement of revenues and expenses

November 30,	2012	2011
Schedule 4		
Operating expenses		
Energy		
Electricity and gas	\$ 45,962	\$ 43,323
Total energy	45,962	43,323
Payroll		
Payroll	315,486	313,541
Payroll taxes	29,815	30,189
Workers' compensation and disability insurance	10,776	11,891
Health and pension benefits	44,285	41,240
Note 5		
Total payroll	400,362	396,861
Other		
Exterminating	11,984	8,976
Water	76,239	69,602
Cleaning and rubbish removal	3,001	4,769
Miscellaneous	5,674	4,257
Total other	96,898	87,604
Total operating expenses	\$ 543,222	\$ 527,788

Schedule 5

Maintenance expenses		
Landscaping and grounds upkeep	\$ 126,849	\$ 145,015
Plumbing and heating	8,045	3,277
Electrical repairs	11,958	13,395
Interior repairs, painting and decorating	29,693	18,280
Building exterior repairs	11,008	17,443
Windows	13,977	5,139
Truck expense	1,625	17,630
Pool repairs and maintenance	7,370	25,959
Clubhouse	4,773	4,816
Supplies and equipment	42,068	36,340
Total maintenance expenses	\$ 257,366	\$ 287,294

See independent auditors' report.

Edgemont at Tarrytown Condominium

Supporting schedules Statement of revenues and expenses

Year ended November 30,	2012	2011
Schedule 6		
Administrative expenses		
Management fee	\$ 31,786	\$ 31,031
Legal fees	6,530	6,647
Accounting fees	6,000	5,900
Other professional fees, net of \$4,000 refund (2012)	(3,962)	1,770
Telephone	1,843	1,857
Insurance	91,726	87,212
Miscellaneous	15,421	15,344
Total administrative expenses	\$ 149,344	\$ 149,761
Schedule 7		
Taxes		
Real estate taxes	\$ 584	\$ 591
Federal income and New York State franchise taxes	Note 3 1,635	474
Total taxes	\$ 2,219	\$ 1,065
Schedule 8		
Major repairs and replacements		
Retaining walls	\$ 26,984	\$ 27,500
Pool	27,650	91,280
Roof, gutters and chimney	117,160	59,440
Walkway	0	2,825
Garage	0	42,715
Clubhouse	14,533	0
Parking lot, roads	15,000	0
Driveway sealing	0	15,767
Exterior, decks, steps and patios	54,702	17,331
Professional fees - attributable to major repairs and replacements	0	17,588
Total major repairs and replacements	\$ 256,029	\$ 274,446
Schedule 9		
Financial expenses		
Miscellaneous interest	\$ 74	\$ 120

Edgemont at Tarrytown Condominium

Statement of revenues, expenses and related expense budgets

Year ended November 30,	2012 Budget (unaudited)	2012 Actual	2011 Actual	2013 Budget (unaudited)
Revenues				
Common charges	\$ 968,662	\$ 968,662	\$ 959,069	\$ 1,021,936
Miscellaneous income	10,000	14,102	6,865	1,200
Total member revenues	978,662	982,764	965,934	1,023,136
Other				
Interest and dividend income	1,500	3,431	3,572	1,200
Total other revenues	1,500	3,431	3,572	1,200
Total revenues	\$ 980,162	\$ 986,195	\$ 969,506	\$ 1,024,336
Operating expenses				
Electricity and gas	\$ 47,100	\$ 45,962	\$ 43,323	\$ 52,200
Payroll and related payroll costs	421,628	400,362	396,861	434,492
Exterminating	12,000	11,984	8,976	11,500
Water	71,600	76,239	69,602	82,000
Cleaning and rubbish removal	6,000	3,001	4,769	7,500
Miscellaneous	0	5,674	4,257	1,300
Total operating expenses	558,328	543,222	527,788	588,992
Maintenance expenses				
Landscaping and grounds upkeep	127,500	126,849	145,015	128,000
Plumbing and heating	5,000	8,045	3,277	7,000
Electrical repairs	7,500	11,958	13,395	11,000
Interior repairs, painting and decorating	[]	29,693	18,280	[]
Building exterior repairs	[8,000]	11,008	17,443	[41,300]
Windows	[]	13,977	5,139	[]
Truck expense	10,000	1,625	17,630	3,500
Pool repairs and maintenance	10,500	7,370	25,959	10,500
Tennis court maintenance	700	0	0	700
Clubhouse	5,000	4,773	4,816	5,000
Supplies and equipment	31,600	42,068	36,340	42,700
Total maintenance expenses	\$ 205,800	\$ 257,366	\$ 287,294	\$ 249,700

See independent auditors' report.

Edgemont at Tarrytown Condominium

Supporting schedules

Statement of revenues, expenses and related expense budgets

Year ended November 30,	2012 Budget (unaudited)	2012 Actual	2011 Actual	2013 Budget (unaudited)
Administrative expenses				
Management fee	\$ 31,812	\$ 31,786	\$ 31,031	\$ 32,318
Legal fees	15,000	6,530	6,647	12,500
Accounting fees	5,800	6,000	5,900	6,500
Other professional fees	10,000	(3,962)	1,770	4,000
Telephone	2,000	1,843	1,857	2,000
Insurance	93,200	91,726	87,212	98,800
Miscellaneous	15,100	15,421	15,344	15,400
Total administrative expenses	172,912	149,344	149,761	171,518
Taxes				
Real estate taxes	599	584	591	595
Federal income and New York State franchise taxes	1,000	1,635	474	2,000
Total taxes	1,599	2,219	1,065	2,595
Financial expenses				
Miscellaneous interest	0	74	120	0
Total expenses	938,639	952,225	966,028	1,012,805
Excess of operating revenues over operating expenses before depreciation and amortization	\$ 41,523	\$ 33,970	\$ 3,478	\$ 11,531

See independent auditors' report.

Edgemont at Tarrytown Condominium

Supporting schedules

Statement of revenues, expenses and related capital budgets

Year ended November 30,	2012 Budget (unaudited)	2012 Actual	2011 Actual	2013 Budget (unaudited)
Capital assessments				
Special assessment - pool restoration	\$ 0	\$ 0	\$ 135,015	\$ 0
Reserve replenishment	177,685	177,685	187,037	177,685
Total capital assessments	177,685	177,685	322,052	177,685
Major repairs and replacements				
Contingencies	60,000	0	0	50,000
Roof, gutters and chimney	115,000	117,160	59,440	85,000
Retaining walls	35,000	26,984	27,500	20,000
Pool	0	27,650	91,280	0
Walkway	0	0	2,825	8,000
Clubhouse	7,000	14,533	0	10,000
Parking lot, roads	0	15,000	0	0
Exterior, decks, steps and patios	30,000	54,702	17,331	25,000
Professional fees - attributable to major repairs and replacements	0	0	17,588	0
Garage	0	0	42,715	0
Playground and recreational facilities	2,500	0	0	2,500
Parking lots and roads	0	0	0	0
Driveway sealing	0	0	15,767	0
Total major repairs and replacements	249,500	256,029	274,446	200,500
(Deficiency) excess of budgeted capital assessments over budgeted capital expenditures	\$ (71,815)	\$ (78,344)	\$ 47,606	\$ (22,815) *

* Any deficiency will be paid from previously collected capital assessments

See independent auditors' report.

Edgemont at Tarrytown Condominium

Notes to financial statements

November 30, 2012 and 2011

NOTE 1 - HISTORY AND ORGANIZATION

Edgemont at Tarrytown Condominium (the "Condominium") is a membership organization which has been organized under Article 9B of the Real Property Law of the State of New York, to maintain and preserve the common areas in the development including but not limited to the recreational facilities, roadways, walkways and natural and landscaped areas. A purchaser of a home in the development will automatically assume the rights and obligations of membership in the Condominium upon closing title. The Condominium consists of 188 homeowners. It is located between Benedict Avenue, Martling Avenue, and Prospect Avenue in the Village of Tarrytown, Town of Greenburgh in Westchester County, New York.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The books and records of the Corporation are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Fixed assets, repairs and maintenance - Repairs and maintenance are charged to income and betterments that extend the useful life of, or substantially improve the assets owned by the Condominium, are capitalized. The estimated useful lives of the machinery, equipment, furniture and fixtures range from five to twelve years. Depreciation is computed using the straight line method for financial statements and income tax purposes.

Cash, cash equivalents and investments - For purposes of the Statement of Cash Flows, cash and cash equivalents include all bank deposits, including bank money market accounts, money market mutual funds which maintain a constant \$1.00 value and certificates of deposit with an original maturity date of three months or less. Certain investments in debt and equity securities must be classified into one of three categories. Debt securities that the Condominium has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and are reported at amortized cost. Debt securities not so classified and marketable equity securities are classified as either "trading" or "available-for-sale" and are recorded at fair market value with unrealized gains and losses included in earnings, or stockholders' equity respectively.

Revenues from members - Common charges, reserve replenishment charges and other charges are based upon an annual budget determined by the Board of Managers ("the Board"). Unit owners are billed monthly based upon their respective ownership. A special assessment for the pool restoration was adopted after approval by a unit owner vote and was imposed based upon all members' respective ownership. In November 2011, the Condominium approved an increase in common charges for the December 2011 to November 2012 fiscal year. The Condominium retains excess operating funds, if any, at the end of the operating year, and applies such excess to future operations, including major repairs and replacements. No common charges or assessments were considered uncollectable at November 30, 2012.

Edgemont at Tarrytown Condominium

Notes to financial statements

November 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates - The preparation of financial statements with GAAP requires management to use judgment in the application of accounting policies including making estimates and assumptions there that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during a reporting period. The most significant assumptions and estimates relate to intangible assets and liabilities, depreciable lives, revenue recognition and the recoverability of trade accounts receivable. Application of these assumptions requires the exercise of judgment as to future uncertainties and as a result, actual results could differ from these estimates.

Subsequent events - In preparing the financial statements, the Condominium has evaluated events and transactions for potential recognition or disclosure through February 1, 2013, the date that the financial statements were available to be issued.

NOTE 3 - INCOME TAXES

Condominiums may be taxed as regular corporations or elect to be taxed as homeowners' associations. For the year ended November 30, 2011, the Condominium was taxed as a homeowner's association on its nonexempt function income, such as interest earnings, at a flat rate of 30%. Exempt income that consists primarily of member common charges and assessments is not taxable. It is anticipated that the Condominium will make a similar election for 2012.

The Condominium implemented the provisions of the FASB Codification Section 740 ("ASC Section 740") "Accounting for Uncertainty in Income Taxes" (formerly, FASB Interpretation No. 48), which clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return. ASC Section 740 sets forth a threshold for financial statement recognition, measurement and disclosure of tax positions taken or expected to be taken on a tax return. Each of the Condominium's federal and New York State tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service and the New York State Department of Taxation and Finance. Management has evaluated the adoption of ASC Section 740 and determined that there is no impact on the Condominium's financial statement.

Edgemont at Tarrytown Condominium

Notes to financial statements

November 30, 2012 and 2011

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

While the Condominium has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future, it has developed long range plans for capital and major maintenance expenditures. The Condominium has imposed charges to fund certain needs and evaluates these needs on an annual basis. If additional funds are needed to meet future needs for major repairs and replacements, the Condominium has the right to borrow funds, increase common charges, pass special assessments or delay major repairs and replacements until funds are available. Certain major assessments are subject to unit owners' approval. The effect on future operations cannot be determined at this time. Neither New York State law nor the Condominium documents require the accumulation of monies for future repairs and replacements or capital improvements.

NOTE 5 - PENSION PLAN

The Condominium maintains a SEP plan which covers eligible full time employees. Pension contributions for the year-ended November 30, 2012 and 2011 were approximately \$6,725 and \$7,345 respectively.

NOTE 6 - SPECIAL ASSESSMENT - RESERVE REPLENISHMENT

The Condominium adopted a special charge of approximately \$177,685 and \$187,037 payable within the years ended November 30, 2012 and 2011 respectively. This money will be used to fund major maintenance and budgeted repairs, non-budgeted emergency repairs and to replenish the reserve account.

NOTE 7 - CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the \$250,000 of Federal Deposit Insurance Corporation ("FDIC") insurance provided on such deposits. The Condominium continually monitors its deposits in the financial institutions and does not anticipate any financial losses.

The money market mutual funds are not bank deposits and are not insured by the FDIC or any other governmental agency. They are instead covered by the Securities Investor Protection Corporation ("SIPC"), a federally mandated United States non-profit corporation that protects investors if a broker-dealer becomes insolvent.

Edgemont at Tarrytown Condominium

Notes to financial statements

November 30, 2012 and 2011

NOTE 8 - CONTINGENCIES

The Condominium has been named as a defendant in two lawsuits filed by one resident unit owner. The first alleges property damage. The second alleges several torts against the resident unit owner. The Condominium believes that the resulting liability, if any, will be within policy limits.