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HOME PROPERTIES OF NEW YORK INC

Form 11-K

June 27, 2001

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 11-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR  
ENDED DECEMBER 31, 1999 OR
- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 For the transition  
period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 333-12551

A. Full title of the plan and the address of the  
plan, if different from that of the issuer named below:

Home Properties of New York Retirement Savings Plan  
-----

B. Name of issuer of the securities held pursuant to  
the plan and the address of its principal executive office:

Home Properties of New York, Inc.  
850 Clinton Square  
Rochester, New York 14604

REQUIRED INFORMATION

The Home Properties Retirement Savings Plan (the "Plan") is subject to the Employee Retirement Security Income Act of 1974 ("ERISA"). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the financial statements and schedules of the Plan for the two fiscal years ending December 31, 2000 and 1999, which have been prepared in accordance with the financial reporting requirements of ERISA, are filed herewith as Exhibit 99.1 and incorporated herein by reference.

EXHIBITS

Exhibit Number -----	Description -----
99-1	Financial Statement and Schedules of the Plan for the two fiscal years ending December 31, 2000 and 1999
99-2	Consent of Inero, Kasperski, Ciaccia & Co., P.C., independent

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accountants

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

HOME PROPERTIES RETIREMENT SAVINGS PLAN

Date: June 27, 2001 By: /s/ David P. Gardner  
-----

Name: David P. Gardner

Title: Chairman of the Administrative  
Committee, the Administrator of  
the Plan

EXHIBIT 99-1

HOME PROPERTIES  
RETIREMENT SAVINGS PLAN

FINANCIAL REPORT

DECEMBER 31, 2000

HOME PROPERTIES  
RETIREMENT SAVINGS PLAN  
ROCHESTER, NEW YORK

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## 1

### INDEPENDENT AUDITORS' REPORT

To The Board of Trustees of  
Home Properties Retirement Savings Plan  
Rochester, New York

We have audited the accompanying statements of net assets available for benefits of Home Properties Retirement Savings Plan as of December 31, 2000 and 1999, and the related statement of changes in net assets available for benefits for the year ended December 31, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2000 and 1999, and the change in net assets available for benefits for the year ended December 31, 2000, in conformity with generally accepted accounting principles.

Respectfully Submitted,

/s/ Inero, Kasperski, Ciaccia & Co., P.C.

Inero, Kasperski, Ciaccia & Co., P.C.  
Certified Public Accountants

Rochester, New York  
June 1, 2001

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RETIREMENT SAVINGS PLAN  
ROCHESTER, NEW YORK

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## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
	----	----
Investments at Fair Value		
Money Market Funds	\$ 28,052	\$ 27,696
Common Trust Funds	4,750,334	3,377,081
Common Stock	636,416	411,700
Mutual Funds	1,324,175	632,082
Participant Notes	258,863	168,018
	-----	-----
Total Investments at Fair Value	6,997,840	4,616,577
	-----	-----
Receivables		
Employer Contributions	612,253	492,338
Participant Contributions	115,263	95,968
Participant Loans	10,668	6,634
Accrued Income	-	148
Other	7,968	13
	-----	-----
Total Receivables	746,152	595,101
	-----	-----
Total Assets	7,743,992	5,211,678
	-----	-----
Liabilities	479	-
	-----	-----
Net Assets Available for Benefits	\$7,743,513	\$5,211,678
	=====	=====

See Notes to Financial Statements.

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2000

### ADDITIONS:

Additions to Net Assets Attributed to:	
Interest and Dividends	\$ 59,289
Net Appreciation in Fair Value of Investments	502,353
	-----
	561,642
Contributions	
Employer	612,253
Employee	1,528,095
Rollover	482,717
	-----

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	2,623,065
	-----
Total Additions	3,184,707
	-----
DEDUCTIONS:	
Deductions from Net Assets Attributed to:	
Benefits Paid to Participants	597,870
Excess Contributions Refunded to Participants	8,568
Administrative Expenses	46,434
	-----
Total Deductions	652,872
	-----
Net Increase	2,531,835
Net Assets Available for Benefits - Beginning	5,211,678
	-----
Net Assets Available for Benefits - Ending	\$ 7,743,513
	=====

See Notes to Financial Statements.

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RETIREMENT SAVINGS PLAN  
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999

Note 1      Description of Plan  
The following description of the Home Properties Retirement Savings Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees of Home Properties of New York, Inc. who are 21 years of age or older and who have completed one year of service (including years of service with a company acquired by Home Properties of New York, Inc.) It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute up to 15 percent of pretax annual compensation and separate elective deferrals out of any bonus, up to 100% of each bonus, subject to statutory limitations, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers seven investment options for participants. The Company contributes 75% of salary-reduction

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contributions up to a maximum of 3% of participant compensation. Additional profit sharing amounts may be contributed at the option of the Company's board of directors. Contributions are subject to certain limitations.

Contributions received from participants for 2000 and contributions receivable at December 31, 2000, are net of payments of \$12,640 made in March, 2001 to certain active participants to return to their excess deferral contributions as required to satisfy the relevant nondiscrimination provisions of the Plan.

### Participant Accounts

Each participant's account is credited with an allocation of: (1) his or her tax deferred contribution, (2) the company's contributions, (3) Plan earnings, and (4) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

### Vesting

Each participant's interest in his/her employee contribution account is fully vested at all times. The Plan provides for vesting in the employer contribution account of 20% after two years, 40% after three years, 60% after four years, 80% after five years, and 100% after six years of service.

## Note 1 Description of Plan - Continued

### Participant Notes Receivable

Participants may borrow from their accounts a minimum of \$1,000 to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years, or longer for the purchase of a primary residence. The loans are collateralized by the balance in the participant's account and bear interest at the prime rate plus one percent (1%) in effect on the first day of the month in which the loan is made. Interest rates range from 8.75% to 10.5% for the current outstanding notes. Principal and interest is paid ratably through weekly or semi-monthly payroll deductions.

### Payment of Benefits

The Plan provides for normal retirement benefits upon reaching age 65 and has provisions for early retirement, disability, death and termination benefits for those participants who are eligible to receive such benefits.

On termination of service, a participant may elect to receive:

- (1) A lump sum amount equal to the value of his or her account, or
- (2) Annual installments over a period of time not to exceed 15 years.

### Reclassification

To conform with financial statement groupings in 2000, certain items reported in 1999 have been reclassified for comparative

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purposes. This reclassification has no effect on changes in net assets for 1999.

### Note 2 Significant Accounting Policies

#### Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Quoted market prices are used to value investments. Participant notes receivable are valued at cost which approximates fair value.

Purchases and sales of securities are recorded on a settlement-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the date received.

#### Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Note 3 Investments

The following presents investments that represents 5 percent or more of the Plan's net assets:

		December	
		2000	
		----	
Home Properties of New York, Inc. 22,780 and 15,005 shares, respectively	\$	636,416	\$
Stable Income Collective Investment Trust, 59,970 and 44,762 shares, respectively	\$	787,999	\$
All-Equity Collective Investment Trust, 95,038 and 84,007 shares, respectively	\$	1,416,069	\$
Reduced Volatility Collective Investment Trust, 52,730 and 34,293 shares, respectively	\$	842,099	\$
Long-Term Growth Collective Investment Trust, 94,729 and 85,405 shares, respectively	\$	1,704,166	\$
Vanguard Index S&P 500 Portfolio, 8,735 and 3,835 shares, respectively	\$	1,064,492	\$

During 2000, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

Net Appreciation (Depreciation) in Fair Value			
Collective Trusts	\$	619,099	
Common Stock		1,097	

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Mutual Funds		(117,843)
		-----
Net Appreciation (Depreciation) in Fair Value	\$	502,353
		=====

### Decline in Market Value

The 2001 market volatility of equity-based investments is expected to substantially impact the value of such investments at any given time.

It is likely that the value of the Plan's investments, both in total and in individual participant accounts, has declined since December 31, 2000.

### Note 4 Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500:

	2000	1999
	----	----
Net assets available for benefits per the financial statements	\$7,743,513	\$5,211,678
Amounts allocated to refundable excess contributions	12,640	8,568
	-----	-----
Net assets available for benefits per the Form 5500	\$7,756,153	\$5,220,246
	=====	=====

The following is a reconciliation of contributions received from participants per the financial statements to Schedule H of Form 5500:

Contributions received from participants per the financial statements	\$	1,528,095
Add: Excess contributions from participants at December 31, 2000		12,640
Less: Excess contributions from participants at December 31, 1999		(8,568)
		-----
Contributions received from participants per the Form 5500	\$	1,532,167
		=====

### Note 5 Related-Party Transactions

Certain Plan investments are shares of common stock of Home Properties of New York, Inc., the Plan Sponsor. Therefore, this investment qualifies as a party-in-interest. The common stock is valued at its quoted market price.

### Note 6 Plan Termination

Although the Company has not expressed an intent to do so, the



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Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

### Note 7

#### Tax Status

In October, 1993, the Company adopted a prototype plan which received a favorable determination letter from the Internal Revenue Service in April, 1993 stating that the Plan qualifies under the applicable provisions of the Internal Revenue Code, including Section 401(k). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

### Note 8

#### Subsequent Event

In March 2001, a mass distribution amounting to \$476,563 occurred due to a spin-off of approximately 35 participants. The participants were deemed terminated from the Plan when the Company sold its Conifer division.

### INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Trustees of  
Home Properties Retirement Savings Plan  
Rochester, New York

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules of assets held for investment purposes at end of year and, reportable transactions, as of or for the year ended December 31, 2000, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,

/s/ Insero, Kasperski, Ciaccia & Co., P.C.

Insero, Kasperski, Ciaccia & Co., P.C.  
Certified Public Accountants

Rochester, New York  
June 1, 2001

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HOME PROPERTIES  
 RETIREMENT SAVINGS PLAN  
 ROCHESTER, NEW YORK  
 EIN#: 16-1455130-PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
 AT END OF YEAR  
 DECEMBER 31, 2000

a	b	c	d
-	-	-	-
Identity of Issue, Borrower, Lessor of Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par of Maturity Value	Cost	Cost
Money Market Funds			
SSGA Funds - U.S. Treasury MMF	28,379 Shares	\$	28
Common Trust Funds			
Stable Income Collective Investment Trust	59,970 Shares		742
All-Equity Collective Investment Trust	95,038 Shares		1,111
Reduce Volatility Collective Investment Trust	52,730 Shares		719
Long-Term Growth Collective Investment Trust	94,729 Shares		1,446
			4,019
Corporate Stocks			
Home Properties of New York, Inc.	22,780 Shares		618
Mutual Funds			
Vanguard Small Cap Index Fund	13,358 Shares		321
Vanguard Index S&P 500 Portfolio	8,735 Shares		1,133
			1,454
Participant Loans			
Participant Notes	Interest ranging from 8.75% to 10.5%, Due From January, 2001 through November 2006. Collateralized by remaining balance of participant's account.		258
Total Assets Held for Investment Purposes			\$ 6,379

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RETIREMENT SAVINGS PLAN  
ROCHEWSTER, NEW YORK

EIN#: 16-1455130 PLAN #001

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2000

None

EXHIBIT 99-2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement on Form S-8 to be filed by Home Properties of New York, Inc. with respect to the Home Properties Retirement Savings Plan of our report dated June 1, 2001, with respect to the financial statements and schedules of the Home Properties Retirement Savings Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2000.

Sincerely,

/s/ Inero, Kasperski, Ciaccia & Co., P.C.

Inero, Kasperski, Ciaccia & Co., P.C.  
Certified Public Accountants

Rochester, New York  
June 26, 2001