

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS

FINANCIAL STATEMENTS

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Council of
Village of Fountainview Condominiums
Wilmington, Delaware

We have audited the accompanying financial statements of Village of Fountainview Condominiums, which comprise the statements of assets, liabilities, and equity - AICPA FRF FOR SMEs as of December 31, 2019, and the related statements of revenues and expenses - AICPA FRF for SMEs, changes in fund balances - AICPA FRF for SMEs, and cash flows - AICPA FRF for SMEs for the year 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 the *Financial Reporting Framework for Small- and Medium-Sized Entities* issued by the American Institute of Certified Public Accountants; this includes determining that the basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 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 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 judgement, 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 Village of Fountainview Condominiums as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with the *Financial Reporting Framework for Small- and Medium-Sized Entities* issued by the American Institute of Certified Public Accountants.

Basis of Accounting

We draw attention to Note 2 of the financial which describes the basis of accounting. The financial statements are prepared in accordance with the *Financial Reporting Framework for Small- and Medium-Sized Entities* issued by the American Institute of Certified Public Accountants, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Village of Fountainview Condominium's December 31, 2018 financial statements, and our report dated February 12, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted supplementary information about future major repairs and replacements that the *Financial Reporting Framework for Small- and Medium-Sized Entities* issued by the American Institute of Certified Public Accountants 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 this missing information.



July 23, 2020

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
Statements of Assets, Liabilities,
and Equity - AICPA FRF for SMEs
December 31,

	<u>2 0 1 9</u>			<u>2 0 1 8</u>
	<u>General</u>	<u>Reserve</u>	<u>Total</u>	<u>Summarized</u>
	<u>Fund</u>	<u>Fund</u>		<u>Information</u>
				<u>Total</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Equivalents	\$ 37,898	\$283,250	\$321,148	\$253,048
Assessments Receivable	55,679	2,637	58,316	42,340
Due from Other Funds	-0-	225	225	-0-
Prepaid Insurance	<u>37,145</u>	<u>-0-</u>	<u>37,145</u>	<u>-0-</u>
TOTAL CURRENT ASSETS	<u>130,722</u>	<u>286,112</u>	<u>416,834</u>	<u>295,388</u>
TOTAL ASSETS	<u>\$130,722</u>	<u>\$286,112</u>	<u>\$416,834</u>	<u>\$295,388</u>
<u>LIABILITIES AND FUND BALANCE</u>				
CURRENT LIABILITIES				
Prepaid Condo Fees	\$ 7,229	\$ -0-	\$ 7,229	\$ 36,917
Accounts Payable	39,306	-0-	39,306	6,447
Due to Other Funds	225	-0-	225	-0-
Insurance Payable	<u>17,464</u>	<u>-0-</u>	<u>17,464</u>	<u>-0-</u>
TOTAL CURRENT LIABILITIES	64,224	-0-	64,224	43,364
FUND BALANCE	<u>66,498</u>	<u>286,112</u>	<u>352,610</u>	<u>252,024</u>
<u>TOTAL LIABILITIES</u>				
<u>AND FUND BALANCE</u>	<u>\$130,722</u>	<u>\$286,112</u>	<u>\$416,834</u>	<u>\$295,388</u>

See accompanying notes to financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
Statements of Revenues and Expenses - AICPA FRF for SMEs
For the Year Ended December 31, 2019
With Summarized Information For the Year Ended December 31, 2018

	<u>2 0 1 9</u>			<u>2 0 1 8</u>
	<u>General</u>	<u>Reserve</u>	<u>Total</u>	<u>Summarized</u>
	<u>Fund</u>	<u>Fund</u>		<u>Information</u>
				<u>Total</u>
REVENUES:				
Condominium Fees	\$357,664	\$ 68,750	\$426,414	\$404,835
Assessment Income	-0-	-0-	-0-	111,026
Miscellaneous Income	15,960	-0-	15,960	735
Initial Contribution	1,152	-0-	1,152	2,530
Legal Fee Income	632	-0-	632	829
Sewer	23,729	-0-	23,729	23,276
Water	23,596	-0-	23,596	23,302
Interest Income	43	186	229	-0-
Resale Contribution	<u>250</u>	<u>-0-</u>	<u>250</u>	<u>-0-</u>
TOTAL REVENUES	<u>423,026</u>	<u>68,936</u>	<u>491,962</u>	<u>566,533</u>
OPERATING EXPENSES				
Alarm System	666	-0-	666	3,246
Electric	44,855	-0-	44,855	56,826
Elevator Inspection	-0-	-0-	-0-	4,140
Engineering	-0-	4,135	4,135	-0-
Fire Safety	4,656	-0-	4,656	-0-
Grounds Maintenance	17,496	-0-	17,496	26,128
Insurance	25,908	-0-	25,908	33,435
Janitorial	18,975	-0-	18,975	15,055
Management Fees	55,052	-0-	55,052	43,200
Office Supplies				
and Miscellaneous	14,182	-0-	14,182	4,391
Pest Control	1,445	-0-	1,445	-0-
Pool Maintenance	8,920	-0-	8,920	9,700
Professional Fees	9,986	-0-	9,986	2,342
Reimbursement	-0-	-0-	-0-	33,365
Repairs and Maintenance	91,371	-0-	91,371	211,459
Snow Removal	11,015	-0-	11,015	19,670
Social	-0-	-0-	-0-	1,449
Telephone	11,108	-0-	11,108	11,216
Water and Sewer	<u>71,606</u>	<u>-0-</u>	<u>71,606</u>	<u>50,832</u>
TOTAL OPERATING EXPENSES	<u>387,241</u>	<u>4,135</u>	<u>391,376</u>	<u>526,454</u>
EXCESS REVENUES OVER EXPENSES	\$ <u>35,785</u>	\$ <u>64,801</u>	\$ <u>100,586</u>	\$ <u>40,079</u>

See accompanying notes to financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
 Statements of Changes in Fund Balances - AICPA FRF for SMEs
 For the Year Ended December 31, 2019
 With Summarized Information For the Year Ended December 31, 2018

	<u>2 0 1 9</u>			<u>2 0 1 8</u>
	<u>General</u>	<u>Reserve</u>	<u>Total</u>	<u>Summarized</u>
	<u>Fund</u>	<u>Fund</u>		<u>Information</u>
				<u>Total</u>
<u>FUND BALANCE: January 1,</u>	\$ 33,495	\$218,529	\$252,024	\$211,945
Excess Revenues Over				
Expenditures for the				
Year Ended December 31,	35,785	64,801	100,586	40,079
TRANSFER OF FUNDS	<u>(2,782)</u>	<u>2,782</u>	<u>-0-</u>	<u>-0-</u>
<u>FUND BALANCE December 31,</u>	<u>\$ 66,498</u>	<u>\$286,112</u>	<u>\$352,610</u>	<u>\$252,024</u>

See accompanying notes to financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
 Statements of Cash Flows - AICPA FRF for SMEs
 For the Year Ended December 31, 2019
 With Summarized Information For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Summarized Information Total</u>
<u>CASH FLOWS FROM</u>				
<u>OPERATING ACTIVITIES</u>				
Excess Revenue over Expenses	\$ 35,785	\$ 64,801	\$100,586	\$ 40,079
Adjustments to Reconcile				
Excess Revenue over Expenditures				
to Net Cash Used by				
Operating Activities:				
Changes in:				
Assessments Receivable	(17,336)	1,360	(15,976)	13,274
Prepaid Insurance	(37,145)	-0-	(37,145)	-0-
Due From Other Funds	-0-	(225)	(225)	-0-
Accounts Payable	32,859	-0-	32,859	(4,791)
Prepaid Condo Fees	(29,688)	-0-	(29,688)	(14,698)
Insurance Payable	17,464	-0-	17,464	-0-
Due to Other Funds	<u>225</u>	<u>-0-</u>	<u>225</u>	<u>-0-</u>
<u>NET CASH PROVIDED</u>				
<u>BY OPERATING ACTIVITIES</u>	<u>2,164</u>	<u>65,936</u>	<u>68,100</u>	<u>33,864</u>
<u>CASH FLOWS FROM</u>				
<u>INVESTING ACTIVITIES</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>CASH FLOWS FROM</u>				
<u>FINANCING ACTIVITIES</u>				
Interfund Transfers	<u>(2,782)</u>	<u>2,782</u>	<u>-0-</u>	<u>-0-</u>
<u>NET CASH (USED) PROVIDED</u>				
<u>BY FINANCING ACTIVITIES</u>	<u>(2,782)</u>	<u>2,782</u>	<u>-0-</u>	<u>-0-</u>
<u>NET (DECREASE) INCREASE IN CASH</u>	(618)	68,718	68,100	33,864
<u>CASH AT BEGINNING OF YEAR</u>	<u>38,516</u>	<u>214,532</u>	<u>253,048</u>	<u>219,184</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 37,898</u>	<u>\$283,250</u>	<u>\$321,148</u>	<u>\$253,048</u>

SUPPLEMENTAL DISCLOSURE

Cash paid for income taxes during the year	\$ <u>-0-</u>	\$ <u>-0-</u>
Interest income received during the year	\$ <u>229</u>	\$ <u>-0-</u>
Interest paid during the year	\$ <u>-0-</u>	\$ <u>-0-</u>

See accompanying notes to financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 1 GENERAL

Village of Fountainview Condominiums was formed on September 24, 2007. The Association is responsible for the maintenance, regulation, and administration of certain private facilities for the use, benefit, and enjoyment of the unit owners of the community. Village of Fountainview consists of 227 residential units in Wilmington, Delaware. However, as of December 31, 2019, there are still 37 units to be sold. The community is a 55+ community. With few exceptions, no one under age 55 may reside in a unit for more than 30 days per year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared in accordance with the *Financial Reporting Framework for Small- and Medium-Sized Entities* issued by the American Institute of Certified Public Accountants, which is a special purpose framework and not U.S. generally accepted accounting principles (U.S. GAAP). The accounting principles that compose the framework are appropriate for the preparation and presentation of small- and medium-sized entity financial statements, based on the needs of the financial statement users and costs and benefit considerations. This special purpose framework, unlike U.S. GAAP, does not require the lessee of real and personal property to report a gross asset and liability on the balance sheet and to recognize revenue under the new GAAP Revenue Recognition Model. We have chosen the option to recognize lease obligation and expenses under the accrual basis of accounting and to recognize revenues earned under the accrual basis of accounting. These methods are consistent with lease and revenue recognition methods used in all prior years.

The AICPA FRF for SMEs was adopted retrospectively as of the beginning of 2018. Adopting the new basis of accounting did not change total fund balance previously reported at the beginning and end of 2018.

Property and Equipment - Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statement because those properties are owned by the individual unit owners in common and not by the Association. It is the Association's responsibility to preserve and maintain the common property.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2019 and 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Member Assessments - Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments become delinquent. The allowance for doubtful accounts is \$-0- at December 31, 2019 and 2018. Any excess of assessments over expenses at year end are either transferred to the reserve fund or retained by the Association for use in future years.

NOTE 3 INCOME TAX

Village of Fountainview Condominiums has the option to be taxed as a regular corporation or as a homeowners' association where it is not taxed on tax exempt functions, only on interest and unrelated business income. The election is made annually with the intent to create the lowest tax liability. The Association is exempt from state income taxes.

For the year ended December 31, 2019, the Association has elected to file Form 1120-H to be taxed as a Homeowners' Association.

The Association's income tax filings are subject to audit by various taxing authorities, generally for three years after they are filed. It is the Association's policy to include interest and penalties assessed by income taxing authorities as a component of tax expense. No such penalties and interest were incurred during the year ended December 31, 2019. The Association has considered their tax provision, accruals and interpretations and believes their estimates are appropriate based on current facts and circumstances. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2019 and 2018

NOTE 4 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.

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

NOTE 5 CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

	<u>2 0 1 9</u>	<u>2 0 1 8</u>
Citizen's Bank - Operations	\$ -0-	\$ 38,516
Citizen's Bank - Reserve	-0-	214,532
Pacific Premier		
Bank - Operations	37,898	-0-
WSFS Bank - Reserve	183,191	-0-
Vanguard Money Market		
Fund - Reserve	<u>100,059</u>	<u>-0-</u>
 TOTAL CASH AND EQUIVALENTS	 <u>\$321,148</u>	 <u>\$253,048</u>

NOTE 6 CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances in three financial institutions located in Wilmington, Delaware. Only The balances of two institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At December 31, 2019 and 2018, the Association's uninsured cash balances totaled \$100,059 and \$8,839, respectively.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2019 and 2018

NOTE 7 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require the accumulation of a reasonable reserve fund to finance estimated future major repairs and replacements. The Association has not engaged an independent engineer to conduct a study to estimate the remaining useful lives and the replacement costs of the common property components. The Association currently is funding for major repairs and replacements through regular assessments and transfers to the reserve fund bank account based upon their own estimates. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs.

If additional funds are needed, however, the Association has the right to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE 8 SPECIAL ASSESSMENTS

Special assessments of \$-0- and \$111,026 were billed during the years ended December 31, 2019 and 2018, respectively, for the purpose of performing required repairs on the condominium buildings and securing dangerous building conditions.

NOTE 9 USE OF ESTIMATES IN FINANCIAL STATEMENTS

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

NOTE 10 COMMITMENTS & CONTINGENCIES

In the ordinary course of conducting business, the Association becomes involved in various disputes resulting in claims or assessments made against the Association. There are no pending disputes that management believes will have a material effect on the Association's financial position or results of operations.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2019 and 2018

NOTE 11 COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information, which has been restated in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with *Financial Reporting Framework for Small- and Medium-Sized Entities*. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 23, 2020, the date on which the financial statements were available to be issued.