

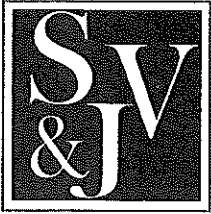
VILLAGE OF FOUNTAINVIEW CONDOMINIUMS

FINANCIAL STATEMENTS

December 31, 2021

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### INDEPENDENT AUDITOR'S REPORT

To the Council of  
Village of Fountainview Condominiums  
Wilmington, Delaware

#### *Opinion*

We have audited the accompanying financial statements of Village of Fountainview Condominiums, which comprise the statement of assets, liabilities, and fund balance - AICPA FRF FOR SMES as of December 31, 2021, and the related statement 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.

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, 2021, 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 for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village of Fountainview Condominiums and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Basis of Accounting*

We draw attention to Note 2 of the financial statements 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.

## *Responsibilities of Management 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 and for determining that *AICPA FRF for SMEs* 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 Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sample's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Fountainview Condominiums's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Disclaimer of Opinion on Required Supplementary Information*

Accounting principles require that the supplementary information on future major repairs and replacements on page -12- 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Sparano, Vincelotto & Joiner*

January 10, 2023

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS  
Statement of Assets, Liabilities,  
and Fund Balance - AICPA FRF for SMEs  
December 31, 2021

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and Equivalents	\$ 87,147	\$1,133,605	\$1,220,752
Assessments Receivable	15,473	-0-	15,473
Other Receivable	26,368	-0-	26,368
Prepaid Expenses	<u>10,954</u>	<u>-0-</u>	<u>10,954</u>
TOTAL CURRENT ASSETS	<u>139,942</u>	<u>1,133,605</u>	<u>1,273,547</u>
TOTAL ASSETS	\$ <u>139,942</u>	\$ <u>1,133,605</u>	\$ <u>1,273,547</u>
<u>LIABILITIES AND FUND BALANCE</u>			
CURRENT LIABILITIES			
Prepaid Condo Fees	\$ 53,021	\$ -0-	\$ 53,021
Accounts Payable	<u>26,912</u>	<u>-0-</u>	<u>26,912</u>
TOTAL CURRENT LIABILITIES	79,933	-0-	79,933
FUND BALANCE	<u>60,009</u>	<u>1,133,605</u>	<u>1,193,614</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ <u>139,942</u>	\$ <u>1,133,605</u>	\$ <u>1,273,547</u>

See accompanying notes to financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS  
Statement of Revenues and Expenses - AICPA FRF for SMEs  
For the Year Ended December 31, 2021

	General Fund	Reserve Fund	Total
REVENUES:			
Association Fees	\$ 526,100	\$ -0-	\$ 526,100
Utility Income Water/Sewer	32,460	-0-	32,460
CCS Collections	152	-0-	152
Fines/Violations	872	-0-	872
Maintenance and Repair Income	744	-0-	744
Administration Incomes	7,100	-0-	7,100
Lawsuit Proceeds	-0-	603,133	603,133
Interest Income	4	161	165
Capital Contribution	<u>1,563</u>	<u>-0-</u>	<u>1,563</u>
TOTAL REVENUES	<u>568,995</u>	<u>603,294</u>	<u>1,172,289</u>
OPERATING EXPENSES			
Administration	7,043	-0-	7,043
Alarm System	297	-0-	297
Bed Debt	632	-0-	632
Donations	500	-0-	500
Electric	36,505	-0-	36,505
Elevator Maintenance	10,637	-0-	10,637
Fire Sprinklers	21,860	-0-	21,860
Grounds Maintenance	37,373	-0-	37,373
Insurance	56,202	-0-	56,202
Janitorial	19,648	-0-	19,648
Management Fees	62,272	-0-	62,272
Office Supplies and Miscellaneous	1,194	-0-	1,194
Pest Control	4,450	-0-	4,450
Pool & Pond Maintenance	9,019	-0-	9,019
Professional Fees	6,830	-0-	6,830
Repairs and Maintenance	128,825	-0-	128,825
Snow Removal	17,998	-0-	17,998
Social	408	-0-	408
Telephone	17,454	-0-	17,454
Water and Sewer	<u>42,773</u>	<u>-0-</u>	<u>42,773</u>
TOTAL OPERATING EXPENSES	<u>481,920</u>	<u>-0-</u>	<u>481,920</u>
<u>EXCESS REVENUES OVER EXPENSES</u>	<u>\$ 87,075</u>	<u>\$ 603,294</u>	<u>\$ 690,369</u>

See accompanying notes to financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS  
Statement of Changes in Fund Balances - AICPA FRF for SMEs  
For the Year Ended December 31, 2021

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>FUND BALANCE: January 1,</u>	\$ 94,875	\$ 408,370	\$ 503,245
Excess Revenues Over Expenditures for the Year Ended December 31,	87,075	603,294	690,369
TRANSFER OF FUNDS	<u>(121,941)</u>	<u>121,941</u>	<u>-0-</u>
<u>FUND BALANCE December 31,</u>	<u>\$ 60,009</u>	<u>\$1,133,605</u>	<u>\$1,193,614</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, 2021

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM</u>			
<u>OPERATING ACTIVITIES</u>			
Excess Revenue over Expenses	\$ 87,075	\$ 603,294	\$ 690,369
Adjustments to Reconcile			
Excess Revenue over Expenditures			
to Net Cash Used by			
Operating Activities:			
Changes in:			
Assessments Receivable	(6,812)	-0-	(6,812)
Other Receivable	(8,662)	-0-	(8,662)
Prepaid Expenses	6,311	-0-	6,311
Accounts Payable	(6,305)	-0-	(6,305)
Prepaid Condo Assessments	<u>10,256</u>	<u>-0-</u>	<u>10,256</u>
<u>NET CASH PROVIDED</u>			
<u>BY OPERATING ACTIVITIES</u>	<u>81,863</u>	<u>603,294</u>	<u>685,157</u>
<u>CASH FLOWS FROM</u>			
<u>INVESTING ACTIVITIES</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>CASH FLOWS FROM</u>			
<u>FINANCING ACTIVITIES</u>			
Interfund Transfers	<u>(121,941)</u>	<u>121,941</u>	<u>-0-</u>
<u>NET CASH (USED) PROVIDED</u>			
<u>BY FINANCING ACTIVITIES</u>	<u>(121,941)</u>	<u>121,941</u>	<u>-0-</u>
<u>NET (DECREASE) INCREASE IN CASH</u>	(40,078)	725,235	685,157
<u>CASH AT BEGINNING OF YEAR</u>	<u>127,225</u>	<u>408,370</u>	<u>535,595</u>
<u>CASH AT END OF YEAR</u>	\$ <u><u>87,147</u></u>	\$ <u><u>1,133,605</u></u>	\$ <u><u>1,220,752</u></u>

SUPPLEMENTAL DISCLOSURE

Cash paid for income taxes during the year	\$ <u><u>-0-</u></u>
Interest income received during the year	\$ <u><u>165</u></u>
Interest paid during the year	\$ <u><u>-0-</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS  
Notes to Financial Statements  
For the Year Ended December 31, 2021

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 217 residential units in Newark, Delaware. However, as of December 31, 2021, there are still 24 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 association to recognize revenue under the new GAAP Revenue Recognition Model or to record reserve fund balances as a liability. We have chosen the option to recognize revenues earned under the accrual basis of accounting and to use fund accounting. These methods are consistent with revenue recognition and fund accounting methods used in all prior years.

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 Year Ended December 31, 2021

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, 2021. 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, 2021, 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, 2021. 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 Year Ended December 31, 2021

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 2 1</u>
Bank United - Operations	\$ 21,824
Alliance Association - Operations	65,323
WSFS Bank - Reserve	189,291
Vanguard Money Market Fund - Reserve	<u>944,314</u>
TOTAL CASH AND EQUIVALENTS	<u>\$1,220,752</u>

NOTE 6      CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances in four financial institutions. Only the balances of three institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At December 31, 2021, the Association's uninsured cash balances totaled \$944,314.

VILLAGE OF FOUNTAINVIEW CONDOMINIUMS  
Notes to Financial Statements (Cont'd)  
For the Year Ended December 31, 2021

NOTE 7 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes. It is the Association's policy that interest earned on such funds is added to the reserve fund balance. The Association engaged an independent engineer who conducted a study in July 2020 to estimate the remaining useful lives and the replacement costs of the common property components. The Association currently is partially funding for such major repairs and replacements through regular assessments and transfers to the reserve fund bank accounts based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. 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 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 9 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.

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 10, 2023, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION