

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and the Homeowners  
The Villas at Canandaigua Homeowners Association, Inc.  
Canandaigua, New York

### **Opinion**

We have audited the accompanying financial statements of The Villas At Canandaigua Homeowners Association, Inc. which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years 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 The Villas At Canandaigua Homeowners Association, Inc. as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 The Villas At Canandaigua Homeowners Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt The Villas At Canandaigua Homeowners Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 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 The Villas At Canandaigua Homeowners Association, Inc.'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 The Villas At Canandaigua Homeowners Association, Inc.'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 generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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.

A handwritten signature in cursive script, appearing to read "Brian Dugardi".

Rochester, New York  
May 16, 2023

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**BALANCE SHEETS  
MARCH 31, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 197,434	\$ 610,594
Investments	445,000	0
Accounts receivable from homeowners	682	431
Accrued interest receivable	5,961	0
Prepaid expenses	<u>14,610</u>	<u>2,375</u>
Total assets	<u>\$ 663,687</u>	<u>\$ 613,400</u>

**LIABILITIES AND FUND BALANCES**

	<u>2023</u>	<u>2022</u>
Liabilities		
Accounts payable	\$ 2,505	\$ 1,704
Advance payments from homeowners	10,169	11,460
Contract liabilities - major maintenance fund	594,078	546,998
Accrued income taxes	<u>1,543</u>	<u>0</u>
Total liabilities	<u>608,295</u>	<u>560,162</u>
Fund balances		
Operating	55,392	53,238
Major maintenance	<u>0</u>	<u>0</u>
Total fund balances	<u>55,392</u>	<u>53,238</u>
	<u>\$ 663,687</u>	<u>\$ 613,400</u>

See accompanying notes and independent auditors' report.

**THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	2023			2022		
	Operating Fund	Major Maintenance Fund	Total	Operating Fund	Major Maintenance Fund	Total
<b>Revenues</b>						
Assessments	\$ 291,816	\$ 57,320	\$ 349,136	\$ 272,994	\$ 20,714	\$ 293,708
Interest	0	7,355	7,355	0	1,601	1,601
Unrealized gain on investments	0	372	372	0	0	0
Other	702	0	702	631	0	631
<b>Total revenues</b>	<b>292,518</b>	<b>65,047</b>	<b>357,565</b>	<b>273,625</b>	<b>22,315</b>	<b>295,940</b>
<b>Expenses</b>						
Management fees	26,672	0	26,672	24,819	0	24,819
Insurance	45,381	0	45,381	40,382	0	40,382
Administrative expenses	3,462	0	3,462	4,574	0	4,574
Legal and professional	3,815	0	3,815	5,640	0	5,640
Landscaping	62,544	0	62,544	61,142	0	61,142
Trash removal	26,021	0	26,021	21,650	0	21,650
Snow removal	40,069	0	40,069	38,258	0	38,258
Repairs and maintenance	58,687	65,047	123,734	45,186	22,315	67,501
Utilities	21,306	0	21,306	18,066	0	18,066
Property taxes	864	0	864	806	0	806
Income taxes	1,543	0	1,543	0	0	0
<b>Total expenses</b>	<b>290,364</b>	<b>65,047</b>	<b>355,411</b>	<b>260,523</b>	<b>22,315</b>	<b>282,838</b>
Excess of revenues over (under) expenses	2,154	0	2,154	13,102	0	13,102
Transfers	0	0	0	0	0	0
<b>Fund balances - beginning of year</b>	<b>53,238</b>	<b>0</b>	<b>53,238</b>	<b>40,136</b>	<b>0</b>	<b>40,136</b>
<b>Fund balances - end of year</b>	<b>\$ 55,392</b>	<b>\$ 0</b>	<b>\$ 55,392</b>	<b>\$ 53,238</b>	<b>\$ 0</b>	<b>\$ 53,238</b>

See accompanying notes and independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Excess of revenues over (under) expenses	\$ 2,154	\$ 13,102
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Accounts receivable from homeowners	(251)	(161)
Accrued interest receivable	(5,961)	0
Prepaid expenses	(12,235)	9,597
Increase (decrease) in:		
Accounts payable	801	(3,315)
Advance payments from homeowners	(1,291)	2,733
Contract liabilities - major maintenance fund	47,080	86,086
Accrued income taxes	1,543	(280)
	31,840	107,762
Net cash and cash equivalents provided (used) by operating activities	31,840	107,762
Cash flows from investing activities:		
Purchase of investments	(445,000)	0
	(413,160)	107,762
Net increase (decrease) in cash and cash equivalents	(413,160)	107,762
Cash and cash equivalents - beginning of year	610,594	502,832
	610,594	502,832
Cash and cash equivalents - end of year	\$ 197,434	\$ 610,594
	197,434	610,594
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 0	\$ 280
	0	280

See accompanying notes and independent auditors' report.



***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**NOTE 1: SUMMARY OF OPERATIONS**

The Association was incorporated under Section 402 of the New York State Not-For-Profit Corporation Law on July 22, 2008, for the purpose of maintaining the common areas (consisting of a pool, clubhouse, fences, exteriors, asphalt, grounds and lawns) of one hundred twenty residential townhomes (of which one hundred three are sold), in Canandaigua, New York. The homeowners elect a board of directors who hire an independent property management firm to manage the Association.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cash and Cash Equivalents - The Association considers all highly liquid investments to be cash equivalents.

Fund Accounting - The Association's governing documents provide certain guidelines for governing its financial activities, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. 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 operation of the Association.

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

Member Assessments - Association members are subject to monthly assessments to provide funds for the Association's operating and major maintenance expenses. Assessment revenue is recognized as the related performance obligations related to its operating and major maintenance assessments are satisfied.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are significantly in arrears. An allowance for uncollectible accounts is not deemed necessary as of March 31, 2023 and 2022. The Association treated uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes - Pursuant to the Tax Reform Act of 1976, homeowner associations are permitted to make an annual election to be treated as a regular corporation or a tax-exempt organization. Each year the Association will file its tax returns under the election which is most beneficial to the organization. Under Section 528 of the Internal Revenue Code, taxes are paid on non-exempt function income (principally interest and rental, net of expenses).

The Association's tax returns for the years ending 2020, 2021 and 2022 are subject to examination by the IRS, generally for three years after they were filed.

Revenue Recognition - The Association follows the guidance set forth by the Financial Accounting Standards Board (FASB) that created Topic 606, *Revenue Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services. Revenues collected prior to the transfer of goods or services are retained as contract liabilities.

Use of 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 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.

Subsequent Events - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition and disclosure through May 16, 2023, the date the financial statements were available to be issued.

**NOTE 3: MARKETABLE SECURITIES**

The Association has adopted FASB ASC 820 - "*Fair Value Measurements and Disclosures*," which provides a framework for measuring fair value under GAAP. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**NOTE 3: MARKETABLE SECURITIES (CONTINUED)**

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market Approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, or other sources;
- B) Cost Approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income Approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with investments and the uncertainty related to changes in their market value, it is at least reasonably possible that changes in risk could affect the Association.

Assets itemized below were measured at fair value during the year ending:

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Market Prices In Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>
<u>March 31, 2023:</u>				
Cash	\$ 372	\$ 372	\$ 0	\$ 0
Certificates of deposits	<u>445,000</u>	<u>445,000</u>	<u>0</u>	<u>0</u>
	<u>\$ 445,372</u>	<u>\$ 445,372</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**NOTE 3: MARKETABLE SECURITIES (CONTINUED)**

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Market Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>March 31, 2022:</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 0
Certificates of deposits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The cost basis and fair value of marketable securities was as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Cumulative Unrealized Gain/(Loss)</u>
<u>March 31, 2023:</u>			
Certificates of deposits	\$ <u>445,000</u>	\$ <u>445,372</u>	\$ <u>372</u>

Unrealized gain (loss) on investments as of March 31, 2023, amounted to \$1,697.

March 31, 2022:

Certificates of deposits	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
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Unrealized gain (loss) on investments as of March 31, 2022, amounted to \$0.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**NOTE 4: CONTRACT LIABILITIES - MAJOR MAINTENANCE FUND**

Contract liabilities - major maintenance fund records the deferral of assessments allocated to the major maintenance fund.

As of March 31, 2023 and 2022, major maintenance assessments are recorded as follows:

	<u>2023</u>	<u>2022</u>
Budgeted assessments	\$ 104,400	\$ 106,800
Assessments deferred	(47,080)	(86,086)
Assessments previously deferred, recognized	<u>0</u>	<u>0</u>
Assessments	\$ <u>57,320</u>	\$ <u>20,714</u>

As of March 31, 2023 and 2022, contract liabilities - major maintenance fund is recorded as follows:

	<u>2023</u>	<u>2022</u>
Beginning contract liabilities	\$ 546,998	\$ 460,912
Assessments deferred (recognized)	<u>47,080</u>	<u>86,086</u>
Ending contract liabilities	\$ <u>594,078</u>	\$ <u>546,998</u>

**NOTE 5: OWNERS' ASSESSMENTS**

Monthly assessments to owners for the year ended March 31, 2023 and 2022 were \$310, of which a portion is allocated to the major maintenance fund. The annual budget and assessments of owners are determined by the board of directors. The Association retains any year end operating surplus for use in the following year. As of April 1, 2023, monthly assessments increased to \$331.

**NOTE 6: COMMITMENTS**

The Association has entered into an agreement with Crofton Perdue Associates, Inc. for management of its operations. The agreement provides for a monthly fee of \$22 per sold lot for the year ending March 31, 2024.

**NOTE 7: SPONSOR CONTRIBUTION**

The sponsor is required to fund operating deficits until the last unit is sold.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**NOTE 8: FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association has elected to accumulate funds for future major repairs and replacements. Accumulated funds are accounted for separately and generally are not available for expenditures for normal operations.

The board of directors and the management company determine amounts to be allocated to the major maintenance fund. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the major maintenance 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 to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**NOTE 9: CONCENTRATIONS OF CREDIT RISK**

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Association places its cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit. The Association routinely assesses the financial strength of these organizations and, as a consequence, believes that its credit risk exposure is limited.

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**SUPPLEMENTARY INFORMATION ON FUTURE  
MAJOR REPAIRS AND REPLACEMENTS**

MARCH 31, 2023

Crofton Perdue Associates, Inc. updated a study dated January 14, 2021, to estimate the remaining useful lives and the replacement costs of components of common property. The costs are based upon estimated current replacement costs.

The following table is based on the study and presents significant information about the components of common property. We have not audited, reviewed or compiled the required supplementary information.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Roofs	13 to 18	\$ 830,000
Gutters	17 to 18	39,518
Asphalt sealing	Annually	6,500 - 7,500
Asphalt resurface	9 to 16	392,783
Pool	2 to 6	5,000
Clubhouse	2 to 6	14,500
Lamp posts	18	64,214
Fountains	1	500
Sidewalks	2	300
Paint/caulk	Annually	7,500 - 10,000
Landscape/trees	1	500
Drainage	2	5,000

See independent auditors' report.

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**REPORT TO THE BOARD OF DIRECTORS  
MARCH 31, 2023**





May 16, 2023

To the Board of Directors  
The Villas at Canandaigua Homeowners Association, Inc.  
Canandaigua, New York

We are pleased to present this report related to our audit of the financial statements of The Villas at Canandaigua Homeowners Association, Inc. (the Association) for the year ended March 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibilities for the Association's reporting process.

This report is not intended to imply any wrong-doing or incompetence of your management company. Its intent is to strengthen your accounting and reporting procedures to comply with generally accepted accounting principles.

This report is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Association.

A handwritten signature in cursive script that reads "Bonn, Dioguardi &amp; Ray".

Rochester, New York

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

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May 16, 2023

To the Board of Directors  
The Villas at Canandaigua Homeowners Association, Inc.  
Canandaigua, New York

We have audited the financial statements of The Villas at Canandaigua Homeowners Association, Inc., for the year ended March 31, 2023, and have issued our report thereon dated May 16, 2023. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Villas At Canandaigua Homeowners Association, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted during the year. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Association currently does not have any significant accounting estimates.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements detected, as a result of our audit procedures, and corrected by management are shown in the attached “Summary of Recorded Audit Adjustments.”

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 16, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Association’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

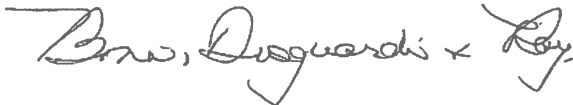
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Required Supplementary Information*

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the board of directors and management of The Villas at Canandaigua Homeowners Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Bruno, DiGuardi & Co." with a stylized flourish at the end.

Rochester, New York

***THE VILLAS AT CANANDAIGUA  
HOMEOWNERS ASSOCIATION, INC.***

**SUMMARY OF RECORDED AUDIT ADJUSTMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

Account	Description	Debit	Credit
---------	-------------	-------	--------

**Adjusting Journal Entries JE # 1**

To close out CD.

5900	CD	199.44	
1086	CNB CD Mat. 10/21/22 7mo		199.44
<b>Total</b>		<b><u>199.44</u></b>	<b><u>199.44</u></b>

**Adjusting Journal Entries JE # 2**

To adjust accounts receivable, assessments and prepaid assessments to actual.

1210	Assessments Receivable	251.00	
2020	Prepaid Assessments	1,291.00	
4010	Assessment Fees		1,440.50
4090	Other Income		101.50
<b>Total</b>		<b><u>1,542.00</u></b>	<b><u>1,542.00</u></b>

**Adjusting Journal Entries JE # 3**

To reverse PY AP.

2010	Accounts Payable	1,703.85	
5070	Office Expense		238.68
5070	Office Expense		66.96
5220	Utilities		98.94
5220	Utilities		204.45
5220	Utilities		96.25
5220	Utilities		302.10
5560	Building Repairs		266.47
5750	Clubhouse cleaning/supplies		430.00
<b>Total</b>		<b><u>1,703.85</u></b>	<b><u>1,703.85</u></b>

Adjusting Journal Entries JE # 4

To accrue CY AP.

5070	Office Expense	94.22	
5220	Utilities	479.23	
5220	Utilities	58.92	
5220	Utilities	96.25	
5220	Utilities	224.45	
5560	Building Repairs	315.00	
5560	Building Repairs	756.80	
5560	Building Repairs	119.92	
5750	Clubhouse cleaning/supplies	360.13	
2010	Accounts Payable		2,504.92
<b>Total</b>		<b>2,504.92</b>	<b>2,504.92</b>

Adjusting Journal Entries JE # 5

To adjust insurance to actual.

1310	Prepaid Insurance	12,235.19	
5060	Insurance		12,235.19
<b>Total</b>		<b>12,235.19</b>	<b>12,235.19</b>

Adjusting Journal Entries JE # 6

To adjust unrealized gain to actual.

1150	Cash included on investment stmt	372.39	
1200	Accrued Interest Receivable	5,960.69	
4005	Unrealized Loss(Gain)		372.39
4101	Interest income MM		5,960.69
<b>Total</b>		<b>6,333.08</b>	<b>6,333.08</b>

Adjusting Journal Entries JE # 7

To adjust contract liabilities to actual.

4250	Common Charges - MM	47,080.11	
2065	Contract Liabilities		47,080.11
<b>Total</b>		<b>47,080.11</b>	<b>47,080.11</b>

Adjusting Journal Entries JE # 8

To accrue CY income taxes.

5095	NYS Franchise Tax	384.00	
5096	Federal income tax	1,159.00	
2040	Accrued Income Tax		1,543.00
<b>Total</b>		<b>1,543.00</b>	<b>1,543.00</b>



May 16, 2023

To the Board of Directors  
The Villas at Canandaigua Homeowners Association, Inc.  
Canandaigua, New York

In planning and performing our audit of the financial statements of The Villas at Canandaigua Homeowners Association, Inc. as of and for the year ended March 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered The Villas at Canandaigua Homeowners Association, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we noted deficiencies in internal control that we consider to be material weaknesses. We did not note any deficiencies that we consider to be significant deficiencies.

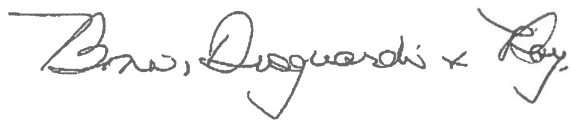
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiency in The Villas at Canandaigua Homeowners Association, Inc.'s internal control to be a material weakness:

Auditing standards consider auditor involvement in making material adjusting journal entries, in aggregate, indicative of a material weakness. We have recorded adjustments this year that are material in the aggregate primarily in order to present the financial statements on the accrual basis of accounting as promulgated by the American Institute of Certified Public Accountants.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no deficiencies in The Villas at Canandaigua Homeowners Association, Inc.'s internal control considered to be significant deficiencies.



This communication is intended solely for the information and use of management, the board of directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Bruno, DiGuardis & Roy". The signature is written in a cursive, flowing style with a horizontal line above the first few letters.

Rochester, New York