

DALE VILLAGE, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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For the Year Ended December 31, 2022

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LEONARDO
& COMPANY

Phone: (561)205-CPAs

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www.financialauditcpa.com

1900 NW Corporate Blvd., Suite 110W Boca Raton, Florida 33431

To the Board of Directors
Dale Village, Inc.
Pembroke Park, Florida

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Dale Village, Inc., which comprise the balance sheet as of December 31, 2022, and the related statements of revenues, expenses, and changes in fund balance (deficit) and cash flows 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 Dale Village, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Dale Village, Inc. 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.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements, as discussed in Note C are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

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 about Dale Village, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 Dale Village, 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 Dale Village, 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

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

Leonardo & Company

Leonardo & Company
Certified Public Accountants
Boca Raton, Florida
May 25, 2023

DALE VILLAGE, INC.
BALANCE SHEET
December 31, 2022

ASSETS	Operating Fund	Replacement Fund	Total
Cash and Cash Equivalents	\$ 423,025	\$ 426,718	\$ 849,743
Certificate of Deposit	-	106,808	106,808
Assessments Receivable, net	6,839	-	6,839
Insurance Proceeds Receivable	10,927	-	10,927
Other Receivable	3,488	-	3,488
Prepaid Insurance	1,955	-	1,955
Property and Equipment, net	4,167,867	-	4,167,867
Interfund Borrowings	(13,534)	13,534	-
Total Assets	<u>\$ 4,600,567</u>	<u>\$ 547,060</u>	<u>\$ 5,147,627</u>

LIABILITIES AND OWNERS' EQUITY

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 70,753	\$ -	\$ 70,753
Prepaid Assessments	404	-	404
Contract Liabilities (Assessments Received in Advance-Replacement Fund)	-	521,270	521,270
Total Liabilities	<u>71,157</u>	<u>521,270</u>	<u>592,427</u>

OWNERS' EQUITY

Common Stock, \$1 par value, 330 shares authorized, issued and outstanding	330	-	330
Capital Contributions	5,879,884	-	5,879,884
Fund Balance (Deficit)	(1,350,804)	25,790	(1,325,014)
Total Owners' Equity	<u>4,529,410</u>	<u>25,790</u>	<u>4,555,200</u>
Total Liabilities and Owners' Equity	<u>\$ 4,600,567</u>	<u>\$ 547,060</u>	<u>\$ 5,147,627</u>

The accompanying notes are an integral part of the financial statements.

DALE VILLAGE, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT)
For the Year Ended December 31, 2022

	Operating Fund	Replacement Fund	Total
REVENUES			
Member Assessments	\$ 439,548	\$ -	\$ 439,548
Special Assessment	132,000	-	132,000
Insurance Proceeds	10,927	-	10,927
Storage Income	31,384	-	31,384
Interest Income	1,922	1,848	3,770
Renters Fees	58,919	-	58,919
Billboards	7,266	-	7,266
Screening Fees	6,050	-	6,050
Gate Card and Barcode Income	5,840	-	5,840
Other Income	2,899	-	2,899
	<u>696,755</u>	<u>1,848</u>	<u>698,603</u>
EXPENSES			
Utilities	141,663	-	141,663
Depreciation	14,198	-	14,198
Insurance	42,011	-	42,011
Income Taxes	8,176	-	8,176
Administrative	54,416	-	54,416
Management and Labor	150,396	-	150,396
Park Maintenance	294,107	-	294,107
Insurance Proceeds Expense	19,180	-	19,180
	<u>724,147</u>	<u>-</u>	<u>724,147</u>
Excess (Deficit) of Revenues over Expenses	(27,392)	1,848	(25,544)
Fund Balance (Deficit) - Beginning of Year	(1,317,532)	23,942	(1,293,590)
Prior Period Adjustment	<u>(5,880)</u>	<u>-</u>	<u>(5,880)</u>
Fund Balance (Deficit) - End of Year	<u><u>\$ (1,350,804)</u></u>	<u><u>\$ 25,790</u></u>	<u><u>\$ (1,325,014)</u></u>

The accompanying notes are an integral part of the financial statements.

DALE VILLAGE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficit) of Revenues over Expenses	\$ (27,392)	\$ 1,848	\$ (25,544)
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:			
Prior Period Adjustment	(5,880)	-	(5,880)
Depreciation	14,198	-	14,198
(Increase) in:			
Assessments Receivable	(1,233)	-	(1,233)
Insurance Proceeds Receivable	(10,927)	-	(10,927)
Other Receivable	(101)	-	(101)
Increase (decrease) in:			
Accounts Payable and Accrued Expenses	29,948	-	29,948
Prepaid Assessments	(982)	-	(982)
Contract Liabilities (Assessments Received in Advance-Replacement Fund)	-	48,552	48,552
Net Cash Provided by (Used in) Operating Activities	<u>(2,369)</u>	<u>50,400</u>	<u>48,031</u>
CASH FLOWS FROM INVESTING ACITIVITIES			
Certificates of Deposit, net	-	65,315	65,315
Purchase of Property and Equipment	(23,750)	-	(23,750)
Net Cash Provided by (Used in) Investing Activities	<u>(23,750)</u>	<u>65,315</u>	<u>41,565</u>
CASH FLOWS FROM FINANCING ACITIVITIES			
Interfund Borrowings	48,231	(48,231)	-
Net Cash Provided by (Used in) Financing Activities	<u>48,231</u>	<u>(48,231)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	22,112	67,484	89,596
Cash and Cash Equivalents - Beginning of year	400,913	359,234	760,147
Cash and Cash Equivalents - End of year	<u>\$ 423,025</u>	<u>\$ 426,718</u>	<u>\$ 849,743</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash Paid for Interest	\$ -	\$ -	\$ -
Cash Paid for Income Taxes	<u>\$ 7,807</u>	<u>\$ -</u>	<u>\$ 7,807</u>

The accompanying notes are an integral part of the financial statements.

DALE VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization - Dale Village, Inc. ("the Corporation") was incorporated under the laws of the State of Florida as a not-for-profit corporation on May 1, 1984. The Corporation is responsible for maintaining and preserving the common property of the Corporation in accordance with the terms of Florida Statutes §719 and the provisions of the governing documents. Dale Village, Inc. is a cooperative which consists of 330 mobile home lots, located in Pembroke Park, Florida.

Seven thousand five hundred (7500) shares of capital stock were authorized with a par value of \$1.00 per share. There are 330 total lots (shares) in the park. As of December 31, 2022 there were 330 shares issued and outstanding to shareholders.

2. Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Fund Accounting - The Corporation uses fund accounting which requires that funds, such as the operating fund and the fund designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors and Property Manager. Disbursements from the replacement fund may be made only for their designated purposes.

4. Member Assessments - Corporation members are subject to monthly assessments to provide funds for the Corporation's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Corporation's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purposes. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from owners. The Corporation's policy is to retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. As of December 31, 2022, an allowance for doubtful accounts totaled \$2,325. The Corporation provides for doubtful accounts based on experience and analysis of individual accounts. Any excess assessments at year-end are retained by the Corporation for use in the succeeding year.

The Corporation treats 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 Corporation's control. The balances of assessments receivable, net, as of the beginning and end of the year are \$5,606 and \$6,839, respectively.

5. Prepaid Assessments - Assessments received in advance for the subsequent year are recognized as prepaid assessments on the accompanying balance sheet.

6. Interest Income - The Corporation's policy is to allocate to the operating and replacement funds all interest earned on their respective cash accounts.

DALE VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Contract Liabilities (Assessments received in advance-replacement fund) - The Corporation recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Corporation has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$472,718 and \$521,270, respectively.

8. Recognition of Assets and Depreciation Policy - Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Corporation's financial statements because those properties are owned by the individual owners in common and not by the Corporation. The Corporation capitalizes personal property to which it has title at cost and depreciates it using the straight-line method over 5 to 25 years, the estimated useful lives of the assets. Depreciation expense was \$14,198 for the year ended December 31, 2022. Expenditures for maintenance and repairs are charged against operations as incurred.

9. Income Taxes - The Corporation's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended December 31, 2022, penalties paid totaled \$369.

10. Cash and Cash Equivalents - For purposes of the December 31, 2022 balance sheet and the statement of cash flows for the year ended December 31, 2022, the Corporation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. In addition, the Corporation's policy is to passthrough to unit owners' non-sufficient funds (NSF) charges incurred by the Corporation.

11. Use of Estimates in the Preparation of Financial Statements - 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.

12. Concentrations of Credit Risk - Financial instruments that potentially subject the Corporation to concentrations of credit risk are primarily cash and cash equivalents and assessments receivable. The Corporation invests its excess cash in both deposits and high-quality short-term liquid money market instruments with major financial institutions and the carrying value approximates market value. The Corporation has not experienced losses related to these investments. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents and assessments receivable.

13. Fair Value of Financial Instruments - The carrying amounts of cash, cash equivalents, receivables, and payables approximate their fair values due to their short-term maturities.

14. Comprehensive Income - ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2022, there were no items that qualify as comprehensive income.

DALE VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2022

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. New Accounting Pronouncement Adopted - During 2022, the Corporation adopted Accounting Standards Update (ASU) 2019-01, Leases (Topic 842). This ASU changes the accounting treatment for operating leases by recognizing a lease (right of use) asset and a corresponding liability at the present value of the lease payments on the balance sheet, and disclosing key information about leasing arrangements. This ASU can be applied at the beginning of the earliest period presented, using a modified retrospective approach. The Corporation has determined that there are no leases that meet the criteria for this standard.

NOTE B - UNINSURED CASH BALANCES

The Corporation maintains its cash balances at various major financial institutions. Deposits held at Federal Deposit Insurance Corporation (FDIC) insured institutions are insured up to at least \$250,000 per depositor. At December 31, 2022, the Corporation does not have cash balances in excess of the FDIC limits. The Corporation has not experienced any losses related to these investments.

NOTE C - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate to \$547,060, are presented on the accompanying December 31, 2022 balance sheet as contract liabilities and replacement fund total balance. These "Assessments Received in Advance - Replacement Fund" and replacement fund balance are held in separate bank accounts and are generally not available for operating purposes.

The Board of Directors had an independent reserve study conducted in 2021 to determine the useful lives and the replacement costs of the components of common property. In 2022, the Board of Directors utilized this study in the preparation of the 2023 budget. The Corporation is funding for such major repairs and replacements over the estimated useful lives of the components based on the estimates of current replacement costs, including amounts previously accumulated in the replacement fund. The table included in the unaudited supplementary information on future major repairs and replacements is based on this study.

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 Corporation has the right, subject to member approval, to increase regular assessments, levy special assessments, or it may delay major repairs and replacements until funds are available.

The activity was as follows:

Component	Balance 1/1/22	Assessments	Interest	Expenditures	Balance 12/31/22
Pooled Reserves	\$ 472,718	\$ 48,552	\$ -	\$ -	\$ 521,270
Interest	23,942	-	1,848	-	25,790
	<u>\$ 496,660</u>	<u>\$ 48,552</u>	<u>\$ 1,848</u>	<u>\$ -</u>	<u>\$ 547,060</u>

DALE VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2022

NOTE D - WINDSTORM INSURANCE

The Corporation maintains insurance coverage for damage sustained by the common elements. The insurance coverage in force includes substantial deductible amounts, which the Corporation would be required to fund. In addition, in as much as certain other expenses may be incurred by the Corporation in the event of a hurricane, the ultimate extent of any such loss in excess of the aforementioned maximum deductible cannot be determined.

NOTE E - CONTINGENCIES

The Corporation is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. Management believes that none of the claims and complaints of which it is currently aware will materially affect its financial position or future operating results with the exception to increase legal costs which may or may not be covered by the Corporation's directors and officers insurance, although no assurance can be given with respect to the ultimate outcome of any such claims or with respect to the occurrence of any future claims.

Florida's Senate Bill SB 4-D was effective May 26, 2022, making it mandatory for all Florida condominium and cooperative buildings three stories or higher to undergo milestone inspections, structural inspections, to no longer allow for the waiver or reduction in the funding of reserves as well as submit specific building reporting information to the Division of Florida Condominiums. The full impact of the reserve funding requirement (which is effective December 31, 2024) in the new law is, as of the date of the audit report, undeterminable at this time.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022:

Land	\$ 4,000,000
Asphalt Improvements	38,294
Building	599,871
Office Furniture and Equipment	34,741
Golf Cart	2,500
Recreational Furniture and Equipment	31,259
Website	7,150
Renovation-Study Project	15,000
Land Improvements	296,558
	<hr/>
	5,025,373
Less: Accumulated Depreciation	(857,506)
	<hr/>
	<u>\$ 4,167,867</u>

NOTE G - CERTIFICATE OF DEPOSIT

At December 31, 2022, the Corporation had \$106,808 of replacement fund monies invested in a certificate of deposit. This certificate of deposit matures on March 13, 2025 and earn interest at a rate of 0.26% per annum. It is the intent of the Corporation to hold this certificate until maturity. If this certificate was to be liquidated prior to maturity, it would be subject to market fluctuations and possible early withdrawal penalties.

DALE VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2022

NOTE H - INCOME TAXES

The Corporation is qualified to prepare its tax returns pursuant to the provisions of subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators) are deductible only to the extent of patronage income. The Corporation believes that all of its income for the year ended December 31, 2022, with the exception of the interest income, is patronage income within the meaning of subchapter T.

For the year ended December 31, 2022, income tax expense totaled \$7,807 and no income tax expense was accrued.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Corporation and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Corporation's management believes it is no longer subject to income tax examinations for years prior to 2020.

NOTE I - INSURANCE PROCEEDS

During 2022, the Corporation experienced various damages for which it was awarded insurance settlements totaling \$10,927 in 2022. For the year ended December 31, 2022, the Corporation incurred expenses of \$19,180 and has reflected \$10,927 as related insurance proceeds receivable on the accompanying balance sheet at December 31, 2022.

NOTE J - SPECIAL ASSESSMENTS

On October 5, 2022, the Board of Directors approved a special assessment in the amount of \$132,000 to fund the 2022 operating fund deficit. As of December 31, 2022, the Corporation recognized \$132,000 of special assessment revenue on the accompanying financial statements at December 31, 2022.

NOTE K - PRIOR PERIOD ADJUSTMENT

Prior period adjustments are transactions and corrections relating to prior accounting records and are made to reflect the current year without distortion. There was a \$5,880 adjustment to decrease the operating fund balance and reclassify income tax expense for the prior year. There is no effect on current year loss.

NOTE L - INTERFUND BORROWINGS

At December 31, 2022, the Corporation's operating fund owes the replacement fund \$13,534.

NOTE M - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through May 25, 2023, the date that the financial statements were available to be issued.