

## JULY 2022 FINANCIAL STATEMENT FOOTNOTES

1. Bank reconciliation: The process uses the DVRC QuickBooks (QB) accounting system's software. Doing the July bank reconciliation, QB showed two June checks outstanding. However, the June bank statement showed those two June checks HAD cleared in June. Noteworthy, the May 2022 bank statement was attached to the June bank reconciliation. There is no way the June 2022 bank statement reconciliation had been done correctly. The July bank statement was completed correctly and the bank statement did reconcile to QB, with no in-transit deposits and only two outstanding checks written in July that did clear the bank in August.
2. Two stale checks from September and October 2021 shown in QB as outstanding were reversed.
3. The June 30, 2022 Balance Sheet shows an Accounts Payable (account 2600) balance of \$1,088.37, NBAZ credit card (account 2500) balance of \$1,796.67 and Home Depot credit card account (2510) debit balance -\$1,080.41. On 7/1 QB showed a payment to Home Depot for \$1,088.37, NOT shown on the July bank statement. The most recent Home Depot statement showed no balance due. Therefore, the Home Depot entry in QB was reversed since it did not match the bank statement disbursements or money due Home Depot. This resulted in the credit balance of \$785.98 shown in the Pool Chemical account 6300.3.
4. July 2022 Balance Sheet:
  - a. Account 12075, T2 Presents – Receivable. T2 Presents, LLC, the Farnsworth Hall lessee, transferred the Waste Management dumpster located at Farnsworth Hall into an account with their name. HOWEVER, a July Waste Management invoice charged an EFT against DVRC's checking account for the Waste Management services rendered for the benefit of T2 Presents, LLC. The \$420.27 was billed to the lessee in July, creating an accounts receivable, which the lessee paid in August.
  - b. Account 12080, Undocumented Disbursements. The July NBAZ credit card statement showed \$493.33 in charges against a credit card issued in the name of a former employee. \$445.45 in charges were to Amazon, one charge was to Olive Garden for \$47.88. None of the Amazon charges had any backup documentation showing what was purchased, who signed the receipt or why the expenditure was a DVRC related expense. The attorney, paid by the five individual directors being sued by former directors Pagano and Sharp using DVRC's attorney, asked their attorney for the backup documents supporting the \$445.45 credit card purchases. DVRC's attorney representing Pagano and Sharp refused to provide the backup documentation. We anticipate that the on-going litigation will result in Pagano and Sharp reimbursing DVRC for the undocumented disbursements believed to be made by the former office manager, Teresa Moore. According to Sharp, the credit card that Moore used should have been destroyed in May.
  - c. Petty Cash: On July 28, 2022, three volunteers counted the petty cash in the presence of two directors. Two calculator tapes were found with no additional backup paperwork showing who received petty cash for what. One tape was for \$166.00. The second tape was for \$440.00. The two tapes equaled \$606.00. The \$606.00 was charged to the balance sheet account 12080, Undocumented Disbursements.
  - d. ADP's payroll reports for the period ending July 20 showed Moore paid herself for July 18, 19 and 20, days she did not work, as well as a gave herself a \$500 bonus. There is no documentation in the

## JULY 2022 FINANCIAL STATEMENT FOOTNOTES

office that states she was authorized to pay herself that money. This is another item that the attorney retained by the five directors anticipate recovering from Pagano and Sharp.

### 4. Profit and Loss Statement:

a. Account 4403.2, Special Events Income - \$8,232.41: The June 2022 balance sheet showed restricted funds money in accounts 2403.2 Special Events - \$4,795.81 and 2404 - \$3,436.60. Research suggested these funds related to the 60<sup>th</sup> Anniversary Gala Party donations that exceeded the event's expenses. Therefore, the balance sheet's two accounts were transferred to the Profit and Loss statement since the event was supposed to be a DVRC fundraiser.

b. Account 4100, Read Hall Rental Income: The balance sheet account 2100 has had \$1,000 in Read Hall rental deposits since before 12/31/2021. Research suggested that there were no deposits for any Read Hall rental after July 31, 2022. Therefore, \$1,000 was transferred to Read Hall rental income that really belonged in prior periods.

### c. Account 5801 Legal Expenses incurred by former President Anthony Pagano:

(1) May 2022 Profit and Loss statement show \$1,860.40 in legal expenses incurred in April 2022 charged to DVRC by the law firm of Carpenter/Hazlewood. June's Profit and Loss shows \$6,707.50 in legal expenses incurred in May. Both amounts, totaling \$8,867.50, had been paid before July 16, 2022.

(2) June's legal expenses charged to DVRC in July = \$6,382.50 and

(3) July's legal expenses charged to DVRC on August 1st had two separate invoices: 323301 = \$7,889.50 and 324776 = \$10,076.54.

(4) The July and two August Carpenter/Hazlewood invoices, totaling \$24,348.54, have NOT been paid, are not shown as expenses in DVRC's Profit and Loss Statements or an accounts payable on the Balance Sheet.

5. Computer and Technology: During the week of July 18, 2022, we discovered that Honeywell's WIN-PAC access door system was inoperative. The password was so corrupted that Honeywell was not able to recover it and the database had disappeared. Alert 360, the vendor now supporting the access door system, determined that the last 10 software upgrades had not been installed and that the computer running the software was older and was marginally able to support WIN-PAC. In addition, the computer's operating system was also older and marginally able to support the newer versions of WIN-PAC. A computer to dedicated to only run the newest version of WIN-PAC was installed in August 2022 with the newest possible operating system. The related expenses to bring the access door system back on line will be recorded in August and September 2022 financial statements.

6. ADP (the contracted payroll service provider): One payroll period was July 21 to August 3. A second payroll period was August 4 to August 17. In both cases ADP placed the DVRC payroll account "on hold" because ADP received several phone calls from Pagano and Teresa Moore, the former office manager, each insisting they were the responsible parties to do DVRC payroll. For the first period, the

## JULY 2022 FINANCIAL STATEMENT FOOTNOTES

attorney paid by and representing the five individual directors, contacted Attorney McManis who claimed to represent DVRC, but really represented Pagano and Sharp. The attorneys convinced Pagano to ask ADP to process the first payroll. HOWEVER, on August 17 ADP sent DVRC a letter stating that the DVRC account was "on hold" again because either or both Pagano and Moore had told ADP only they were the authorized representatives. Once again, the attorney representing and paid by the five individual directors contacted Attorney McManis. This time the two attorneys arranged for Pagano to sign a letter stating he did not represent DVRC. While these actions did not impact the July 2022 financial statement, the costs incurred by Attorney McManis will be shown in their September 1, 2022 legal fees billing charged to DVRC for August 2022 legal costs. Just like the invoices for June and July 2022's legal services, the current directors have no intention of paying the August 2022 Carpenter/Hazlewood invoices for legal services.

**Dreamland Villa Retirement Community**  
**Profit & Loss YTD Comparison**  
**July 2022**

	Jul 22	Jan - Jul 22
Ordinary Income/Expense		
Income		
4000 · Membership Income		
4000.1 · Annual Dues pd in full	1,140.00	297,669.72
4000.2 · Payment Plan for dues	63.00	3,755.75
4000.3 · Pro-rated Dues	802.05	981.55
4000 · Membership Income - Other	0.00	0.00
<b>Total 4000 · Membership Income</b>	<b>2,005.05</b>	<b>302,407.02</b>
4001 · 55+ Donation Income		
4001.1 · Membership Annual Drive Income	0.00	0.00
4001 · 55+ Donation Income - Other	0.00	0.00
<b>Total 4001 · 55+ Donation Income</b>	<b>0.00</b>	<b>0.00</b>
4002 · Transfer Fee	3,200.00	31,600.00
4003 · Donations - Unrestricted	0.00	299.17
4100 · Read Hall Rental Income	1,900.00	10,973.85
4101 · Read Hall Event/Kitchen Income	689.10	988.70
4200 · Farnsworth Hall income	0.00	1,365.00
4201 · Building Remodeling Income	0.00	0.00
4207 · Entertainment Farnsworth Hall		
4207.1 · Ticket Sales	0.00	5,387.75
4207.2 · Line Dancing	0.00	450.00
4207.3 · Concessions Income Farnsworth	0.00	23.00
4207 · Entertainment Farnsworth Hall - Other	0.00	0.00
<b>Total 4207 · Entertainment Farnsworth Hall</b>	<b>0.00</b>	<b>5,860.75</b>
4208 · Entertainment-TAD		
4208.1 · Ticket Sales	1,518.00	3,566.00
4208.2 · Lease Payment	2,500.00	17,500.00
4208.3 · Utility Reimbursement	1,241.81	1,241.81
4208 · Entertainment-TAD - Other	0.00	0.00
<b>Total 4208 · Entertainment-TAD</b>	<b>5,259.81</b>	<b>22,307.81</b>
4300 · Office-Related Income		
4300.1 · Escrow Fees	2,040.00	19,090.00
4300.2 · Commissions	10.00	29.80
4300.3 · Kee Card Replacement	200.00	360.00
4300 · Office-Related Income - Other	0.00	0.00
<b>Total 4300 · Office-Related Income</b>	<b>2,250.00</b>	<b>19,479.80</b>
4400 · Restricted Accounts Income		
4403 · Fundraiser Income		
4403.1 · High Tea Income	0.00	839.75
4403.2 · Special Events Income	8,232.41	17,917.06
4403 · Fundraiser Income - Other	0.00	0.00
<b>Total 4403 · Fundraiser Income</b>	<b>8,232.41</b>	<b>18,756.81</b>
4404 · Membership Rentention Income		
4404.1 · Social Committee	0.00	514.85
4404.2 · Concerts Income	0.00	4,265.44
<b>Total 4404 · Membership Rentention Income</b>	<b>0.00</b>	<b>4,780.29</b>
4406 · Pickleball Income	0.00	313.70
4407 · Woodshop Income	0.00	462.43
4408 · Kitchen Income Farnsworth	0.00	7.99
4400 · Restricted Accounts Income - Other	0.00	0.00
<b>Total 4400 · Restricted Accounts Income</b>	<b>8,232.41</b>	<b>24,321.22</b>
4501 · Activity Fees	0.00	862.00
4502 · Interest Earned	14.65	103.63

**Dreamland Villa Retirement Community**  
**Profit & Loss YTD Comparison**  
**July 2022**

	Jul 22	Jan - Jul 22
4503 · Sprint Tower Lease Income	1,200.00	8,400.00
<b>Total Income</b>	<b>24,751.02</b>	<b>428,968.95</b>
<b>Gross Profit</b>	<b>24,751.02</b>	<b>428,968.95</b>
<b>Expense</b>		
5001 · 55+ Compliance Expense		
5001.1 · Membership Annual Recruiting Ex	0.00	0.00
5001.3 · Kee Card Expense	0.00	0.00
5001 · 55+ Compliance Expense - Other	0.00	0.00
<b>Total 5001 · 55+ Compliance Expense</b>	<b>0.00</b>	<b>0.00</b>
5300 · Office Expenses		
5300.1 · Postage	0.00	862.30
5300.2 · Copy Machine Expense	190.60	1,671.32
5300.3 · Office Supplies	212.93	2,128.37
5300.4 · Subscriptions/Fees/Monitoring	92.00	860.86
5300.5 · Telephone Expense	179.74	959.51
5300.6 · Accounting Expense	0.00	909.33
5300.7 · Notary Setup	0.00	555.06
5300.8 · Permits, Licenses & Fees	0.00	35.00
5300.9 · Advertising	0.00	251.23
5300 · Office Expenses - Other	0.00	0.00
<b>Total 5300 · Office Expenses</b>	<b>675.27</b>	<b>8,232.98</b>
5400 · Restricted Accounts Expense		
5403 · Fundraiser Expense		
5403.1 · High Tea Expense	0.00	728.52
5403.2 · Special Events Expenses	0.00	6,820.38
5403 · Fundraiser Expense - Other	0.00	0.00
<b>Total 5403 · Fundraiser Expense</b>	<b>0.00</b>	<b>7,548.90</b>
5404 · Member Rentention Exp		
5404.1 · Social Committee Expenses	0.00	182.25
5404.2 · Concert Expenses	0.00	3,361.44
<b>Total 5404 · Member Rentention Exp</b>	<b>0.00</b>	<b>3,543.69</b>
5406 · Pickleball Expense	0.00	313.70
5407 · Woodshop Expense	0.00	462.43
5408 · FH Only Kitchen Expenses	0.00	7.99
<b>Total 5400 · Restricted Accounts Expense</b>	<b>0.00</b>	<b>11,876.71</b>
5502 · Bank Charges	0.00	11.00
5503 · Credit Card Fees	137.67	2,095.12
5601 · Citizen & Communications Exp.		
5601.1 · Website Expense	24.89	486.64
5601.2 · Citizen	500.00	700.00
5601 · Citizen & Communications Exp. - Other	0.00	0.00
<b>Total 5601 · Citizen &amp; Communications Exp.</b>	<b>524.89</b>	<b>1,186.64</b>
5701 · Vehicle Expense	126.80	935.91
5801 · Legal Expense	0.00	8,567.50
5900 · Insurance		
5900.1 · Fire Protection	0.00	8,225.53
5900.2 · General Insurance	0.00	22,922.00
5900 · Insurance - Other	0.00	0.00
<b>Total 5900 · Insurance</b>	<b>0.00</b>	<b>31,147.53</b>
6100 · Read Hall Expenses		
6100.1 · Read Special Events/Kitchen Exp	263.86	1,023.77
6100 · Read Hall Expenses - Other	0.00	0.00

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Cash Basis

**Dreamland Villa Retirement Community**  
**Profit & Loss YTD Comparison**  
**July 2022**

	Jul 22	Jan - Jul 22
Total 6100 · Read Hall Expenses	263.86	1,023.77
6200 · Farnsworth Hall Expenses	0.00	468.57
6201 · Bldg & Grounds Maintenance		
6201.1 · Parts & Building Repair	0.00	1,884.57
6201.2 · Consumable Supplies	602.19	3,458.06
6201.3 · Contractor Work	1,530.02	6,161.02
6201 · Bldg & Grounds Maintenance - Other	0.00	0.00
Total 6201 · Bldg & Grounds Maintenance	2,132.21	11,503.65
6207 · Entertainmt Expense Farnsworth		
6207.1 · General Expense-Ent. FH	0.00	7,676.45
6207.3 · Concession Exp Ent. FH	0.00	134.14
6207 · Entertainmt Expense Farnsworth - Other	0.00	0.00
Total 6207 · Entertainmt Expense Farnsworth	0.00	7,810.59
6300 · Swimming Pools Expenses		
6300.1 · Gas - Pools	612.76	37,121.65
6300.2 · Pool Repairs	234.41	4,128.13
6300.3 · Pool Chemicals	-785.98	5,767.35
6300.4 · Pool / Hot Tub Permits	0.00	765.00
6300 · Swimming Pools Expenses - Other	0.00	0.00
Total 6300 · Swimming Pools Expenses	61.19	47,782.13
6400 · Utilities		
6400.1 · Internet	121.64	980.66
6400.2 · Electric	3,265.05	15,405.57
6400.3 · Water/Sewer	2,092.52	13,841.85
6400.4 · Trash Collection	140.35	1,841.28
6400.5 · Gas-Farnsworth Kitchen	0.00	184.47
Total 6400 · Utilities	5,619.56	32,253.83
7001 · Salaries & Wages		
7001.1 · Employee Withholding	0.00	0.00
7001 · Salaries & Wages - Other	16,418.02	103,667.93
Total 7001 · Salaries & Wages	16,418.02	103,667.93
7002 · Employer Tax Expense	1,245.76	13,480.22
7003 · Employee Benefits	114.75	630.19
7004 · Workers Comp Ins.	0.00	521.53
7005 · Payroll Processing	171.37	918.88
Total Expense	27,491.35	284,114.68
Net Ordinary Income	-2,740.33	144,854.27
Other Income/Expense		
Other Income		
1250 · Gain of Sale	0.00	2,142.00
Total Other Income	0.00	2,142.00
Net Other Income	0.00	2,142.00
Net Income	-2,740.33	146,996.27

**Dreamland Villa Retirement Community**  
**Balance Sheet**  
 As of July 31, 2022

	Jul 31, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 · Checking Account	213,122.12
1011 · Petty Cash	842.51
1200 · Capital Reserve Account	356,554.22
<b>Total Checking/Savings</b>	570,518.85
<b>Other Current Assets</b>	
12075 · T2 Presents - Receivable	420.27
12080 · Undocumented Disbursements	493.33
<b>Total Other Current Assets</b>	913.60
<b>Total Current Assets</b>	571,432.45
<b>Fixed Assets</b>	
1100 · Equipment	120,312.75
1110 · Land	69,174.00
1120 · Buildings	916,757.00
1130 · Leasehold Improvements	194,210.60
1140 · Swimming Pools	155,145.93
1150 · Furniture and Fixtures	37,583.59
1170 · Accumulated Depreciation	-1,259,097.00
<b>Total Fixed Assets</b>	234,086.87
<b>TOTAL ASSETS</b>	<b>805,519.32</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
2000 · Advance Dues Payments	140.00
2001 · 55+ Donations Restricted	
2001.2 · Hardship Fund for Annual Fee	150.00
2001 · 55+ Donations Restricted - Other	21,199.10
<b>Total 2001 · 55+ Donations Restricted</b>	21,349.10
2100 · Facility Use Deposits	
2100.2 · Read Hall Deposits	2,155.71
2100.3 · Arts & Crafts 12/22	620.00
<b>Total 2100 · Facility Use Deposits</b>	2,775.71
2200 · Accrued Income Tax Payable	52,500.00
2201 · Building Remodeling Restricted	2,574.31
2401 · Block Watch (Restricted)	205.06
2402 · Bocce Ball (Restricted)	548.31
2403 · Restricted Funds	
2403.1 · High Tea	2,869.08
2403.3 · Funds - From Library	2,612.91
2403.4 · Social Committee	766.88
2403.5 · Free Concert Series	1,300.00
<b>Total 2403 · Restricted Funds</b>	7,548.87
2405 · Nature Walk (Restricted)	712.41
2406 · Pickleball (Restricted)	1,453.06
2407 · Woodshop (Restricted)	425.32
2408 · Kitchen (Restricted)	9,546.06
<b>Total Other Current Liabilities</b>	99,778.21
<b>Total Current Liabilities</b>	99,778.21
<b>Total Liabilities</b>	99,778.21

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Cash Basis

**Dreamland Villa Retirement Community**  
**Balance Sheet**  
As of July 31, 2022

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	<u>Jul 31, 22</u>
Equity	
3030 - Retained Earnings	558,744.84
Net Income	<u>146,996.27</u>
Total Equity	<u>705,741.11</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>805,519.32</u></b>