

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
(CONSEJO DE TITULARES DEL CONDOMINIO PALMA VISTA)  
AUDITED FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITOR'S REPORT)  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Palma Vista Condominium Council of Owners  
Fajardo, Puerto Rico

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Palma Vista Condominium Council of Owners, which comprise the balance sheets as of June 30, 2021 and 2020, the related statements of income, expenses and changes in fund balances, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that I plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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### **Opinion**

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Palma Vista Condominium Council of Owners as of June 30, 2020 and 2019, 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.

### **Report on Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information detailing the expenses of the Council, for the years ended June 30, 2021 and 2020 included on pages 13 and 14, is presented for additional analysis purposes only, and is not a required part of the basic financial statements. Such information is the responsibility of the Council's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information, except for the portion marked "unaudited" on which I express no opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Emphasis of Matters**

As discussed in Note 14, In March 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. However, my opinion is not modified with respect to this matter.

### **Omission of Supplementary Information Required on Future Major Repairs and Replacements**

As explained in Note 9 Accounting Principles Generally Accepted in the United States of America require that the Schedule of Future Major Repairs and Replacements be presented to supplement the basic financial statements. However, the Council has not presented the supplementary information on future major repairs and replacement that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

CPA Nelson J. Ruiz Cortés

August 12, 2021  
San Juan, Puerto Rico  
Stamp No.E4137555 of the Puerto Rico  
Society of Certified Public Accountants  
was affixed to the record copy of this report.

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS**  
**BALANCE SHEETS**  
**JUNE 30, 2021 AND 2020**  
**(WITH COMPARATIVES TOTAL FOR THE YEAR JUNE 30, 2020)**

	Operating Fund	Restricted Fund	Designated Fund	Painting Fund	Total 2021	Total 2020
<b><u>ASSETS:</u></b>						
Cash in bank and on hand	\$17,805	\$0		\$0	\$17,805	\$9,048
Cash in bank, restricted (Note 3)	-	69,801	-	-	69,801	65,458
Cash in bank, painting (Note 4)	-	-	-	49,913	49,913	38,662
Cash in bank, insurance claim (Note 5)	-	-	25,478	-	25,478	23,013
Accounts receivables members (Note 6)	3,603	-	7,599	-	11,202	5,762
Due from other funds (Notes 7 and 8)	6,246	1,905	5,540	47,476	61,167	56,903
<b>Total current assets</b>	<b>27,654</b>	<b>71,706</b>	<b>38,617</b>	<b>97,389</b>	<b>235,366</b>	<b>198,846</b>
Equipment and depreciation:						
Camera system, net of depreciation	4,263	-	-	-	4,263	5,684
<b>Total equipment &amp; depreciation</b>	<b>4,263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,263</b>	<b>5,684</b>
<b>Total assets</b>	<b>\$ 31,917</b>	<b>\$ 71,706</b>	<b>\$ 38,617</b>	<b>\$ 97,389</b>	<b>\$ 239,629</b>	<b>\$ 204,530</b>
<b><u>LIABILITIES &amp; FUND BALANCES:</u></b>						
Due to other funds (Notes 7 and 8)	54,921	-	6,246	-	61,167	56,903
Assessments in advance (Note 10)	7,208	-	1,551	-	8,759	3,553
Accounts payable	2,774	-	-	-	2,774	2,404
<b>Total current liabilities</b>	<b>64,903</b>	<b>-</b>	<b>7,797</b>	<b>-</b>	<b>72,700</b>	<b>62,860</b>
<b><u>FUND (DEFICIT) BALANCES:</u></b>						
Operating	(32,986)	-		-	(32,986)	(29,806)
Restricted 5%	-	71,706	-	-	71,706	66,738
Designated/Hurricane	-	-	30,820	-	30,820	16,699
Painting	-	-	-	97,389	97,389	88,039
<b>Total fund balances</b>	<b>(32,986)</b>	<b>71,706</b>	<b>30,820</b>	<b>97,389</b>	<b>166,929</b>	<b>141,670</b>
COMMITMENT AND CONTINGENCY (Notes 9 and 12)						
TOTAL LIABILITIES AND FUNDS BALANCES	\$31,917	\$71,706	\$38,617	\$97,389	\$239,629	\$204,530

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

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS**  
**STATEMENT OF REVENUES, EXPENSES AND FUND BALANCES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(WITH COMPARATIVES TOTAL FOR THE JUNE 30, 2020)**

	Operating Fund	Restricted Fund	Designated Fund	Painting Fund	Total 2021	Total 2020
<b>REVENUES:</b>						
Annual member fees	\$ 81,795	\$ 4,900	\$ -	\$9,305	\$ 96,000	\$ 89,000
Special assessment fees	-	-	14,100	-	14,100	-
Late charges and other	475	68	21	45	609	491
Total revenue	<u>82,270</u>	<u>4,968</u>	<u>14,121</u>	<u>9,350</u>	<u>110,709</u>	<u>89,491</u>
<b>EXPENSES:</b>						
Maintenance services	40,593	-	-	-	40,593	33,802
Utilities	11,056	-	-	-	11,056	13,770
General repairs	11,612	-	-	-	11,612	6,881
Administration	7,800	-	-	-	7,800	8,460
Professional services	11,207	-	-	-	11,207	7,815
General	5,118	-	-	-	5,118	6,442
Total expenses	<u>87,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,386</u>	<u>77,170</u>
Excess of revenues over expenses	(5,116)	4,968	14,121	9,350	23,323	12,321
Fund (deficit) balances, at beginning	<u>(27,870)</u>	<u>66,738</u>	<u>16,699</u>	<u>88,039</u>	<u>143,606</u>	<u>129,349</u>
Fund (deficit) balances, ending	<u>\$ (32,986)</u>	<u>\$ 71,706</u>	<u>\$ 30,820</u>	<u>\$ 97,389</u>	<u>\$ 166,929</u>	<u>\$ 141,670</u>

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

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
STATEMENT OF CHANGES IN FUND (DEFICIT) BALANCES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020  
(WITH COMPARATIVES TOTAL FOR THE JUNE 30, 2020)**

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	Unrestricted Fund	Restricted Fund	Designated Fund	Painting Fund	Total 2021 & 2020
Fund (Deficit) balances, June 30, 2019	\$ (28,668)	\$ 62,240	\$ 16,676	\$ 79,101	\$ 129,349
Excess of revenues over expenses for 2020	(1,138)	4,498	23	8,938	12,321
Fund (Deficit) balances, June 30, 2019	(29,806)	66,738	16,699	88,039	141,670
Prior periods adjustment	1,936	-	-	-	1,936
Excess of (expenses over revenues) for 2021	(5,116)	4,968	14,121	9,350	23,323
Fund (Deficit) balances, June 30, 2021	<u>\$ (32,986)</u>	<u>\$ 71,706</u>	<u>\$ 30,820</u>	<u>\$ 97,389</u>	<u>\$ 166,929</u>

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

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**  
**(WITH COMPARATIVES TOTAL FOR THE YEAR JUNE 30, 2020)**

	Unrestricted Fund	Restricted Fund	Designated Fund	Painting Fund	Total 2021	Total 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>						
Excess of revenues over expenses:						
Undesignated, operating fund	\$ (5,116)	\$0		\$0	(\$5,116)	\$ (1,138)
Restricted fund	-	4,968	-	-	4,968	4,498
Designated	-	-	14,121		14,121	23
Painting	-	-	-	9,350	9,350	8,938
Prior period adjustment	1,935	-	-	-	1,935	-
Adjustments to reconcile excess of (expenses) over revenues to net cash cash provided by operating activities:						
Change in assets and liabilities:						
Depreciation expenses	1,421	-	-	-	1,421	1,421
<b>(Increase) decrease in:</b>						
Assessment receivable, members	2,159	-	(7,599)	-	(5,440)	(1,370)
Due from other funds	-	(625)	(5,540)	1,901	(4,264)	(775)
<b>Increase (decrease) in:</b>						
Due to other funds	4,264	-	-	-	4,264	2,926
Accounts payable	439	-	(68)	-	371	(2,545)
Assessments received in advance	3,655	-	1,551	-	5,206	954
Total adjustments	13,873	(625)	(11,656)	1,901	3,493	611
Net cash provided (used) by by operating activities	8,757	4,343	2,465	11,251	26,816	12,932
Net increase (decrease) in cash	8,757	4,343	2,465	11,251	26,816	12,932
Cash at beginning of year	9,048	65,458	23,013	38,662	136,181	125,170
Cash at end of year	\$17,805	\$69,801	\$25,478	\$49,913	\$162,997	\$138,102

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

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR 2020)**

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**NOTE 1 - NATURE OF THE ORGANIZATION**

Palma Vista Condominium Council of Owners is a statutory condominium organized pursuant to the Horizontal Property Act (Act 104 of June 25, 1958), as amended. On August 16, 2020 The Puerto Rico Condominium Act 129 was created, and consequently the Act 104 was repealed. The Condominium was registered under the Horizontal Property Act through Deed Sixty-Three (No. 63) of May 6, 2004. The Palma Vista Council of Owners (“the Council”) is responsible for the operation and maintenance of the common property of the Condominium. The Condominium consists of thirty (30) residential units located in Fajardo, Puerto Rico.

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

Basis of Accounting

The Council prepares its financial statements under de accrual basis using the generally accepted accounting principles appropriate for condominium council. Under this method revenue is recorded when earned and expenses when incurred rather than when collected or paid. The Council records its transactions in separate funds depending on the identification of the activity to which it relates. The Council’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 Council maintains 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 consists of the assessment fees and any other income produced by the regular operation of the Council. These revenues are used to pay operating expenses for the common elements of the Condominium.

Designated Fund - This fund will be used to account for the income from a special assessment approved by the Council of Owners in April 2021 to cover part of the cost of the painting project and to recognize the surplus that the Hurricane fund had.

Restricted Fund - This fund is designated for developing permanent improvements to the common elements and property. The Puerto Rico Condominium Act 129 requires that the Council approves the developments of extraordinary projects and improvements and gains the necessary funds for these future developments. The annual budget must include a reserve fund that cannot be less than five percent (5%) of the operational budget of the Council. Such fund is held in separate account and is not available for operating purposes.

Designated Fund (Painting) - This fund was created by virtue of the Master Deed to contributed to the painting fund of the Condominium.

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR 2020)**

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

Members Assessments

The annual budget and assessment of member's are determined by the Council Members. The Council members are subject to monthly assessments to provide funds for the Council's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheets date represent assessments due from unit owners.

Allowance for Uncollectible Accounts

The Council utilizes the allowance method of recognizing the future potential uncollectibility of owner's assessment receivable.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Council knowledge of current events and actions it may undertake in the future, those estimates may ultimately differ from actual results.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information should be read in conjunction with the Condominium's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Personal Property, Equipment and Depreciation

Personal property and equipment purchased by the Council are recorded at cost and are depreciated over their estimated useful life using the straight-line method of depreciation. Real property and common areas acquired from the Developer and related improvements to such property are not recorded in the Council's financial statements. All expenditures for major repairs and replacements are charged to expense and to the corresponding funds for financial reporting purposes.

Due to/from other funds

The Council has chosen to record accounts receivable and payable into the operating fund. In accordance with generally accepted accounting principles, these differences in the individual fund are shown as interfund assets and liability accounts.

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020  
(WITH COMPARATIVE TOTALS FOR THE YEAR 2020)**

**NOTE 3 - CASH IN BANK FOR RESERVE FUND (5%)**

The Condominium Act requires the Council to establish a separate reserve account of no less than five percent of its annual operational budget. At June 30, 2021 and 2020 the balance consisted of:

<b>Description</b>	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 65,458	\$61,190
Annual Contribution	4,275	4,200
Interest earned	68	68
Ending balance	<u>\$69,801</u>	<u>\$65,458</u>

**NOTE 4 - CASH IN BANK FOR PAINTING FUND**

The Master Deed requires the Council to establish a separate designated in its annual operational budget for painting the Condominium. Such Fund should be maintained in a special separate account. At June 30, 2021 and 2020 the balance consisted of:

<b>Description</b>	<b>2021</b>	<b>2020</b>
Beginning balance	\$38,662	\$32,420
Annual Contribution	9,305	6,204
Additional contribution applied to painting fund debt	1,901	-
Interest earned	45	38
Ending balance	<u>\$49,913</u>	<u>\$38,662</u>

**NOTE 5 - CASH IN BANK FOR INSURANCE FUND**

At June 30, 2021 and 2020, the balance due in Insurance Fund was as follows:

<b>Description</b>	<b>2021</b>	<b>2020</b>
Due from operating fund, beginning balance	\$23,013	\$22,990
Deposit from special assessment	2,444	-
Amount reserved in Annual Budget, but not paid	21	23
Due form operating fund, ending balance	<u>\$25,478</u>	<u>\$ 23,013</u>

**NOTE 6 - ACCOUNTS RECEIVABLE MEMBERS, REGULAR ASSESSMENT**

At June 30, 2021 and 2020 the balances of the account receivable consisted of:

<b>Days Overdue</b>	<b>2021</b>	<b>2020</b>
0-30 days	\$1,406	3,380
31-60 days	1,379	1,421
61-90 days	308	669
Over 90 days	683	570
Total accounts receivable	<u>\$3,776</u>	<u>\$6,040</u>

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020  
(WITH COMPARATIVE TOTALS FOR THE YEAR 2020)**

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**NOTE 6 - ACCOUNTS RECEIVABLE MEMBERS, SPECIAL ASSESSMENT (continued)**

At June 30, 2021 and 2020 the balances of the account receivable from special assessment was \$7,599 and \$-0-. This balance corresponds to the special assessment receivable from the assessment approved for the painting project.

**NOTE 7 - DUE FROM OPERATING AND DUE TO PAINTING FUND**

At June 30, 2021 and 2020, the balance due in Painting Fund from Operating Fund was as follows:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Due from operating fund, beginning balance	\$49,377	\$46,681
(Payment) advance in painting fund debt	(1,901)	2,696
Due form operating fund, ending balance	<u>\$47,476</u>	<u>\$ 49,377</u>

**NOTE 8 - DUE TO OPERATING FUND FOR HURRICANE EXPENSES**

The operational fund covered part of the expenses incurred in 2018 that were caused by the Hurricane María. The detail are as follows:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Expenses paid in 2018 by the operating fund, (net amount received of \$10,000)	\$16,226	\$16,226
Return in 2019 for the insurance fund to the operational	(9,980)	(9,980)
Balance due to insurance fund as of 2021 and 2020	<u>\$6,246</u>	<u>\$ 6,246</u>

**NOTE 9 - FUTURE MAJOR REPAIRS AND REPLACEMENT FUNDS**

T The Puerto Rico Condominium Act 129 requires funds to be accumulated for future repairs and replacements. Accumulated funds at June 30, 2021 and 2020 of \$69,801 and \$65,458 respectively are held in separate bank accounts and are generally not available for operating purposes. The Council has not conducted a study to determine the remaining useful life of the components of the common property and current estimates of the costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Council may have the right to borrow, utilize available cash, increase maintenance fees, obtain approval for special assessment, or delay repairs and replacements until all funds are available. The effect on future assessments has not been determined. The replacement cost Palma Vista Condominium was estimated in \$6,685,707, according to last valuation report. The amount that should have the Condominium Association in the reserve fund should be \$133,714, which represents two percent (2%) of the replacement cost of \$5,585,344.

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020  
(WITH COMPARATIVE TOTALS FOR THE YEAR 2020)**

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**NOTE 10 - DEFERRED ASSESSMENT REVENUES**

Deferred revenues represent prepaid assessments and are primary composed of payments received in advance for the billing of next fiscal year. As of June 30, 2021, and 2020, the deferred assessments revenue was \$7,208 and \$3,553, respectively. For the special assessment the amount was \$1,551 in 2021 and \$0-

**NOTE 11 - EXTRAORDINARY ASSEMBLY APRIL 24, 2021, PAINTING PROJECT**

The Council of Owners of Palma Vista Condominium in the Extraordinary Assembly held on April 24, 2021 approved an special assessment to carry out the painting project of the Palma Vista Condominium. This project includes washing, restoration of imperfections, sealant, seal windows, correct drainages, apply primer and two (2) coats of paint. The estimated time frame for this project was three (3) months. The project will have an engineer who will supervise the works and prepare a monthly report of the inspections. Its is estimated that the project will star in May 2021.

The cost of the painting and conditioning project for the Condominium was estimated at \$98,900 including the paint inspection work. The funds allocated to cover the cost were the following:

- a) For this project, a contribution of \$60,000 will be used, which is allocated by \$16,767 from the excess of the Hurricane Fund and \$43,233 from the Painting Fund.
- b) A withdrawal of \$30,000 from the Reserve Fund.
- c) A special assessment of \$6,900 from all owners.
- d) A special assessment of \$ 14,250 for the owners of the penthouse.
- e) The total available fund is \$111,150. Any excess that arises will be returned to the Painting Fund.

**NOTE 12 - FASB ASC 606 NEW ACCOUNTING GUIDANCE**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate Common Interest Realty Associations, Revenue Recognition, and 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. The Association has determined ASC 606 does not apply to the Council as no customer relationship exists as it is defined by the Code.

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020  
(WITH COMPARATIVE TOTALS FOR THE YEAR 2020)**

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**NOTE 13 – INCOME FORM SPECIAL ASSESSEMENT**

The Council of Owners approved a total special assessment of \$21,150 to be billed in (3) three months. The months to be billed would be May, June and July 2021. As of June 30, 2021, the total income for the special assessment was \$14,100 which corresponded to the months of May and June 2021.

**NOTE 14 – CORONAVIRUS (COVID-19)**

COVID-19 is not expected to have a significant impact on Council. The Board of Directors of Palma Vista Council of Owners has determined that there is not material uncertainty that cast doubt on the Council's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, in relation to expected future performance, or the effect on some future asset's valuations.

**NOTE 15 - COMMITMENT**

The Council of Owners is committed under certain terms and conditions, in various agreements with service providers for maintenance services, administration and other services. As of June 30, 2021 and June 30, 2020, the annual expenses for those services were approximately \$48,393 and \$42,262, respectively.

**NOTE 16 - INCOME TAXES**

The Council qualifies as a tax-exempt homeowner's association under Section 1101.01 (5) of the Income Tax Act of Puerto Rico. Under that section, the Council is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Council property. The Council obtained a tax exemption from Department of Treasury and is actually in forced.

**NOTE 17 - SUBSEQUENT EVENTS**

The Board of Directors has evaluated subsequent events through August 12, 2021, the date the financial statements were available to be issued. No material events have occurred since June 30, 2021 that requires disclosure in the current year financial statements, those already disclosed in the financial statements.

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF BUDGET EXPENSES VERSUS ACTUAL EXPENSES**  
**(UNAUDITED SCHEDULE OF BUDGET EXPENSES)**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020**

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
SCHEDULE OF BUDGET EXPENSES VERSUS ACTUAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	Fiscal Year 2021			Fiscal Year 2020		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES:</b>						
Member assessments	\$ 96,000	\$ 96,000	\$ -	\$ 96,000	\$ 89,000	\$ (7,000)
Reserve painting fund	(9,305)	(9,305)	-	(9,305)	(8,900)	(9,305)
Reserve contribution fund	(4,900)	(4,900)	-	(4,900)	(4,430)	(470)
Late charges and other	610	475	(135)	610	362	(248)
Totals	<u>82,405</u>	<u>82,270</u>	<u>(135)</u>	<u>82,405</u>	<u>76,032</u>	<u>(17,023)</u>
<b>MAINTENANCE SERVICES:</b>						
Cleaning and maintenance	25,000	25,000	-	24,767	25,082	(315)
Pool services	4,650	4,175	475	4,563	4,412	151
Septic plant	3,000	7,303	(4,303)	1,279	-	1,279
Waste disposal	1,740	1,740	-	1,740	1,768	(28)
Gate and access control	1,560	1,765	(205)	1,817	1,560	257
Exterminating	1,000	420	580	417	280	137
Generator maintenance	600	190	410	2,000	700	1,300
Sub-total	<u>37,550</u>	<u>40,593</u>	<u>(3,043)</u>	<u>36,583</u>	<u>33,802</u>	<u>2,781</u>
<b>UTILITIES:</b>						
Electricity	8,200	6,726	1,474	5,750	9,605	(3,855)
Water and sewer	4,200	3,605	595	3,617	3,520	97
Internet	800	725	75	887	895	(8)
Sub-total	<u>13,200</u>	<u>11,056</u>	<u>2,144</u>	<u>10,254</u>	<u>14,020</u>	<u>(3,766)</u>
<b>PROFESSIONAL FEES:</b>						
Legal fees	4,800	4,800	-	4,800	4,800	-
Legal fees by law preparation	0	4,000	(4,000)	-	-	-
Audit fees	2,050	2,000	50	1,933	1,950	(17)
Consulting fees	250	407	(157)	104	1,065	(961)
Sub-total	<u>7,100</u>	<u>11,207</u>	<u>(4,107)</u>	<u>6,837</u>	<u>7,815</u>	<u>(978)</u>
<b>ADMINISTRATION FEES:</b>						
Administration & accounting	7,800	7,800	-	7,800	8,460	(660)
Sub-total	<u>7,800</u>	<u>7,800</u>	<u>-</u>	<u>7,800</u>	<u>8,460</u>	<u>(660)</u>

**PALMA VISTA CONDOMINIUM COUNCIL OF OWNERS  
SCHEDULE OF BUDGET EXPENSES VERSUS ACTUAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	Fiscal Year 2021			Fiscal Year 2020		
	Budget	Actual	Variance	Budget	Actual	Variance
<b><u>REPAIRS:</u></b>						
General maintenance	3,000	5,237	(2,237)	1,250	3,485	(2,235)
General materials	3,500	2,670	830	3,208	1,297	1,911
Extra repairs	500	2,774	(2,274)	208	230	(22)
Repairs	1,050	781	269	2,538	-	2,538
Electrical	750	150	600	1,421	-	1,421
Plumbing	950	-	950	778	1,869	(1,091)
Fire Maintenance	300	-	300	358	-	358
Sub-total	<u>10,050</u>	<u>11,612</u>	<u>(1,562)</u>	<u>9,761</u>	<u>6,881</u>	<u>2,880</u>
<b><u>GENERAL:</u></b>						
Bank charges	2,300	2,386	(86)	1,337	1,645	(308)
Depreciation	-	1,421	(1,421)	-	1,421	(1,421)
Council meeting	2,000	825	1,175	1,008	2,408	(1,400)
Copies and office supplies	1,500	327	1,173	1,383	648	735
Insurance	100	99	1	130	-	130
Miscellaneous	45	59	(14)	311	34	277
Office administration	585	-	585	332	23	309
Spectic tank and fire permits	175	-	175	73	164	(91)
Taxes	-	-	-	-	99	(99)
Sub-total	<u>6,705</u>	<u>5,117</u>	<u>1,588</u>	<u>4,574</u>	<u>6,442</u>	<u>(1,868)</u>
Gran total	<u>\$ 82,405</u>	<u>\$ 87,386</u>	<u>\$ (4,981)</u>	<u>\$ 75,809</u>	<u>\$ 77,420</u>	<u>\$ (1,611)</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ (5,116)</u>	<u>\$ 4,846</u>	<u>\$ 6,596</u>	<u>\$ (1,388)</u>	<u>\$ (15,412)</u>