

March 30, 2023

To the Board of Directors of  
Villa Rosario Homeowners' Association  
158 E. Nandez Ave., VRHA #142  
Dededo, Guam 96929

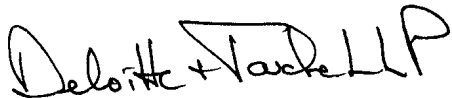
Dear Sir/Madam:

We have performed an audit of the financial statements of Villa Rosario Homeowners' Association (the "Association") as of and for the years ended December 31, 2021 and 2020, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated March 30, 2023.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Association is responsible.

This report 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.

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

cc: The Management of Villa Rosario Homeowners' Association

## **OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS**

Our responsibility under generally accepted auditing standards has been described to you in our engagement letter dated March 18, 2022. As described in that letter, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Association's financial statements for the years ended December 31, 2021 and 2020 in conformity the cash basis of accounting, in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Board of Directors are presented fairly in all material respects, in conformity with the cash basis of accounting. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances 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 operating effectiveness of the Association's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

## **SIGNIFICANT ACCOUNTING POLICIES**

The Association's significant accounting policies are set forth in note 1 to the Association's 2021 financial statements. During the years ended December 31, 2021 and 2020, there were no significant changes in previously adopted accounting policies or their application.

## **OTHER INFORMATION IN THE ANNUAL REPORTS TO SHAREHOLDERS**

The 2021 and 2020 audited financial statements were not included in documents containing other information such as the Association's Annual Report to Shareholders.

## **DISAGREEMENTS WITH MANAGEMENT**

We have not had any disagreements with management related to matters that are material to the Association's 2021 and 2020 financial statements.

## **OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS**

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2021 and 2020.

## **SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION**

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

## **SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

In our judgment, we received the full cooperation of the Association's management and staff and had unrestricted access to the Association's senior management in the performance of our audit.

## **MANAGEMENT'S REPRESENTATION**

We have made specific inquiries of the Association's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Association is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment I, a copy of the representation letter we obtained from management.

March 30, 2023

Deloitte & Touche LLP  
361 South Marine Corps Drive  
Tamuning, Guam 96913

We are providing this letter in connection with your audits of the statements of assets and fund balances of Villa Rosario Homeowners' Association (the "Association") as of December 31, 2021 and 2020, and the related statements of revenues collected and expenses paid and changes in unrestricted fund balances for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the assets and fund balances and revenues collected and expenses paid of the Association in conformity with the cash basis of accounting.

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the financial statements of assets and fund balances and of revenues collected, expenses paid and changes in unrestricted fund balances in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.
- b. 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.
  - To prevent and detect fraud.
- c. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with the cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in accordance with the cash basis of accounting.
2. The Association has provided to you all relevant information and access as agreed in the terms of the engagement letter.
3. The Association has made available to you:
  - a. All financial records and related data
  - b. All minutes of the meetings of homeowners, directors, and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared. Specifically, the following represents meetings occurred from January 1, 2021 to the date of this letter.
4. There have been no communications with regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
5. Management has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Association and do not believe that the financial statements are materially misstated as result of fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the Association involving:
  - a. Management,
  - b. Employees who have significant roles in the Association's internal control over financial reporting,
  - c. Others, where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, regulators, or others.

Except where otherwise stated below, immaterial matters less than \$2,700 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

8. There are no transactions that have not been properly recorded and reflected in the financial statements.

Deloitte & Touche LLP  
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9. The Association has no plans or intentions that may affect the carrying value or classification of assets and fund balances.
10. Regarding related parties:
  - a. We have disclosed to you the identity of the Association's related parties and all the related-party relationships and transactions of which we are aware.
  - b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.
11. There are no:
  - a. Known instances of noncompliance or suspected noncompliance with laws or regulations whose effects should be considered when preparing the financial statements.
  - b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements, and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
12. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
13. The Association has complied with all aspects of contractual agreements that may affect the financial statements.
14. The Association, using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment in accordance with FASB ASC 360, *Property, Plant, and Equipment*. The financial statements referred to above reflect all adjustments required by FASB ASC 360 as of December 31, 2021 and 2020.
15. No events have occurred after December 31, 2021, but before March 30, 2023, the date the financial statements were available to be issued that require consideration as adjustments to, or disclosures in, the financial statements.

 3-30-23  
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Laura Dacanay, President

 3.30.23  
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Jo Ann Del Carmen, Treasurer