



## **FINANCIAL REVIEW**

For the last 25 plus years, the Candlewood Knolls Tax District (CKTD) has utilized the financial services of DaPonte & Company, P.C. For over 30 years, DaPonte & Company has been providing quality, personalized financial guidance to individuals, businesses and non-profit organizations. Their expertise ranges from tax management and accounting services to more in-depth services such as audits, financial statements, and financial planning.

One of the leading firms in and throughout Danbury, DaPonte & Company combines expertise, experience and a team mentality that assures that CKTD receives the close analysis and attention we deserve. Their dedication to high standards and work ethic is the reason CKTD has used their services for more than a quarter century.

Joe DaPonte, the Managing Partner has been working with CKTD personally since the mid 1990's. He has a bachelor's of Business Administration from University of Maine and a post bachelor's certificate of Accounting from Pace University. He is licensed as a Certified Public Accountant in Connecticut and New York since 1993. Joe is established in Accounting & Tax Practices and is well respected in the community. He is an active member in the New York Society of Certified Public Accountants, the American Institute of Certified Public Accountants, and has served as a member of the non-profit audit committee, at the state society. Joe has a depth of knowledge of the history, construct and operational/financial practices of CKTD that only comes from a lengthy tenure of working with CKTD and has remained the main constant as our Boards have evolved over the years.

Due to financial considerations and the American Association of Certified Public Accountants' changes in auditing procedures demanded of CPA firms, DaPonte & Company determined that performing Annual Audits on tax districts such as CKTD were no longer a viable practice. Joe informed us that due to these changes, our long-term, valued relationship needed to be terminated ... or changed to a more modern approach. After careful consideration, the Board voted to remain with DaPonte & Company, choosing the value of their knowledge and expertise over the uncertainties of a new financial firm. In doing so, the Board also decided that we would no longer perform an Annual Audit but would change to an Annual Financial Review. CKTD is not required by CT state law or Federal law to perform an annual audit. However, such a review is set forth in the Lease Agreement between Candlewood Knolls Community, Inc. and the Candlewood Knolls Tax District. In comparing the Audit versus the Financial Review, the differences are minimal and the final financial reporting almost identical. Please see the comparison at the end of this statement for an in-depth explanation.

The goal of the Audit/Financial Review is to assure the taxpayers of Candlewood Knolls that their tax dollars are spent wisely, in accordance with the budget set forth and voted on at the beginning of each fiscal year. Our accounting platform QuickBooks, a detailed, well regarding program, working in conjunction with DaPonte & Company, our QuickBook's financial advisor Marie DuPree and the outstanding efforts of Annarose Midora – has delivered a solid, financially sound operation that will continue on successfully for years to come.

Our Financial Reviews take place in September each year and the finalized document is available for review in the office, by appointment beginning in November.

## SERVICE COMPARISON

	FINANCIAL STATEMENT PREPARATION	COMPILATION	REVIEW	AUDIT
Level of assurance that the financial statements are not materially misstated	CPA does not obtain or provide any assurance that there are no material modifications that should be made to the financial statements.	CPA does not obtain or provide any assurance that there are no material modifications that should be made to the financial statements.	CPA obtains limited assurance that there are no material modifications that should be made to the financial statements.	The CPA obtains reasonable (defined as high, but not absolute) assurance about whether the financial statements are free of material misstatement.
Objective	To prepare financial statements pursuant to a specified financial reporting framework.	To apply accounting and financial reporting expertise to assist management in the presentation of financial statements.	To obtain limited assurance as a basis for reporting whether the CPA is aware of any material modifications that should be made to the financial statements for them to be in accordance with the applicable financial reporting framework, primarily through the performance of inquiry and analytical procedures.	To obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement thereby enabling the CPA to express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with an applicable financial reporting framework and to report on the financial statements in accordance with the auditor's findings.
The CPA is required to be independent	No	No — but if the CPA is not independent, the CPA is required to indicate lack of independence in the CPA's compilation report.	✓	✓

	FINANCIAL STATEMENT PREPARATION	COMPILATION	REVIEW	AUDIT
The CPA is required to obtain an understanding of the entity's internal control and assess fraud risk				✓
The CPA is required to perform inquiry and analytical procedures			✓	✓
The CPA is required to perform verification and substantiation procedures				✓
The CPA issues a formal report on the financial statements		✓	✓	✓
Situations requiring different levels of service	Intended for the business owner's own use to have the current information needed to know the financial standing of the business and to make business decisions accordingly. Similar to what an in-house controller or CFO would provide for management in a larger company. The financial statements may be shared with third parties.	Typically appropriate when initial or lower amounts of financing or credit are sought or there is significant collateral in place. Outside parties may appreciate the business's association with a CPA, which is readily apparent in the formal compilation report.	Typically appropriate as a business grows and is seeking larger and more complex levels of financing and credit. It is also useful when business owners themselves are seeking greater confidence in their financial statements to evaluate results and make key business decisions.	An audit is typically appropriate and often required when seeking complex or high levels of financing and credit. Also appropriate when seeking outside investors, seeking to sell the business or considering a merger.
Differences in cost for each level of service	Varies based on the financial records provided.	Least time consuming of the services in which the CPA issues a formal report.	More time consuming than a compilation but substantially less than an audit.	Involves the most work and, therefore, the most CPA time.