

The Villas at   
**FIVE PONDS**  
COMMUNITY ASSOCIATION

March, 2020

To the Villas at Five Ponds Association Members:

In an effort to save cost of Distribution and Copying costs we are attaching for your information, the key pages from the Association's 2019 Audited Financial statements.

- The Independent Auditors Report
- The December 31, 2019 Balance Sheet
- The December 31, 2019 Statement of Revenues and Expenses
- The December 31, 2019 Statement of Changes of Fund Balances.

For Association members in good standing a full copy of the Auditor's report, 13 pages, is available by appointment, at Continental Management Company, Attn: Amy Wert, 975 Easton Road, Suite 102, Warrington, Pa. 18976, once the office is re-opened to the public.

Our Report was audited by : Lorraine J. Grassi, CPA, P.C., 623 Horsham Road, Suite B, Horsham, Pa. 19044.

Sincerely,

The Executive Board of the Villas at Five Ponds

**Lorraine J. Grassi, CPA, P.C.**

Certified Public Accountant  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members  
**The Villas at Five Ponds Community Association**  
Warminster, Pennsylvania

I have audited the accompanying financial statements of **The Villas at Five Ponds Community Association** which comprise the balance sheet as of December 31, 2019, and the related statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. Information for the year ended December 31, 2018, is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which I issued an unmodified audit report dated January 29, 2019.

**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 my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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 purpose of expressing an 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.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Villas at Five Ponds Community Association** as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Future Major Repairs and Replacements**

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

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Financial Capital Reserve Analysis on pages 11-13 be presented to supplement the basic financial statements. Such 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Lorraine J. Grassi, CPA, P.C.*

Lorraine J. Grassi, CPA, P.C.  
Horsham, Pennsylvania

January 28, 2020

THE VILLAS AT FIVE PONDS COMMUNITY ASSOCIATION  
BALANCE SHEET  
DECEMBER 31, 2019  
(With Comparative Totals for December 31, 2018)

	Operating Fund	Replacement Reserve Fund	Capital Fund	2019 Total	2018 Total
<b>ASSETS</b>					
<b><u>Assets</u></b>					
Cash	\$ 185,297	\$ 60,770	\$ 99,734	\$ 345,801	\$ 461,236
Certificates of Deposit	100,000	1,639,000	-	1,739,000	1,584,000
Assessment Receivable	500	-	-	500	1,512
Miscellaneous Receivable	300	-	-	300	-
Interest Receivable	1,835	16,542	-	18,377	19,205
Prepaid - Other	766	-	-	766	4,330
Prepaid Insurance	5,110	-	-	5,110	4,478
Total Assets	<u>\$ 293,808</u>	<u>\$ 1,716,312</u>	<u>\$ 99,734</u>	<u>\$2,109,854</u>	<u>\$2,074,761</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b><u>Liabilities</u></b>					
Accrued Expenses	\$ 7,904	\$ -	\$ -	\$ 7,904	\$ 17,187
Accounts Payable	11,162	-	-	11,162	21,066
Federal Income Tax Payable	6,556	-	-	6,556	809
Prepaid Assessments	16,225	-	-	16,225	14,296
Total Liabilities	<u>41,847</u>	<u>-</u>	<u>-</u>	<u>41,847</u>	<u>53,358</u>
<b><u>Fund Balances</u></b>					
	<u>251,961</u>	<u>1,716,312</u>	<u>99,734</u>	<u>2,068,007</u>	<u>2,021,403</u>
Total Liabilities and Fund Balances	<u>\$ 293,808</u>	<u>\$ 1,716,312</u>	<u>\$ 99,734</u>	<u>\$2,109,854</u>	<u>\$2,074,761</u>

See accompanying notes to financial statements.

THE VILLAS AT FIVE PONDS COMMUNITY ASSOCIATION  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(With Comparative Totals for the Year Ended December 31, 2018)

	Operating Fund	Replacement Reserve Fund	Capital Fund	2019 Total	2018 Total
<b>Revenues</b>					
Association Fees - Members	\$ 619,920	\$ 210,000	\$ 10,080	\$840,000	\$ 829,920
Paid-In Capital	-	-	26,676	26,676	42,660
Interest Income	5,549	43,236	1,766	50,551	28,625
Rental	2,450	-	-	2,450	4,200
Guest Passes	1,531	-	-	1,531	1,172
Miscellaneous Income	208	5,743	125	6,076	1,338
Late Fees	121	-	-	121	862
Fines	-	-	-	-	150
Social Committee	-	-	5,000	5,000	7,778
Total Revenues	<u>629,779</u>	<u>258,979</u>	<u>43,647</u>	<u>932,405</u>	<u>916,705</u>
<b>Expenses</b>					
Capital Expenditures	-	-	55,445	55,445	19,867
Reserve Expenditures	-	270,583	-	270,583	16,886
Bank Charges	999	-	-	999	908
Cable Service	672	-	-	672	642
Cleaning	26,820	-	-	26,820	26,820
Clubhouse Supplies	7,467	-	-	7,467	5,867
Contributions	-	-	-	-	250
Copying and Mailing	1,113	-	-	1,113	1,171
Electricity	837	-	-	837	964
Exterminating	925	-	-	925	687
Federal Income Taxes	12,956	-	-	12,956	6,389
Grounds Maintenance	234,393	-	-	234,393	217,239
Insurance	15,515	-	-	15,515	16,249
Legal and Accounting	9,662	-	-	9,662	2,630
Licenses and Permits	360	-	-	360	495
Management Services	60,480	-	-	60,480	60,480
Meeting and Board	150	-	-	150	-
Office Expenses	1,302	-	-	1,302	828
Pool Contract and Supplies	34,690	-	-	34,690	33,024
Pond Maintenance	3,018	-	-	3,018	3,475
Postage	767	-	-	767	804
Repairs and Maintenance	39,199	-	-	39,199	28,743
Security	1,453	-	-	1,453	3,763
Snow Removal	23,694	-	-	23,694	74,563
Telephone	953	-	-	953	1,633
Trash Removal	52,080	-	-	52,080	52,080
Utilities - Clubhouse	26,732	-	-	26,732	30,450
Water and Sewer	3,536	-	-	3,536	3,693
Total Expenses	<u>559,773</u>	<u>270,583</u>	<u>55,445</u>	<u>885,801</u>	<u>610,600</u>
Excess (Deficiency) of Revenues over (under) Expenses	<u>\$ 70,006</u>	<u>\$ (11,604)</u>	<u>\$ (11,798)</u>	<u>\$ 46,604</u>	<u>\$ 306,105</u>

See accompanying notes to financial statements.

THE VILLAS AT FIVE PONDS COMMUNITY ASSOCIATION  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(With Comparative Totals for the Year Ended December 31, 2018)

	Operating Fund	Replacement Reserve Fund	Capital Fund	2019 Total	2018 Total
Balances January 1	\$ 181,955	\$ 1,727,916	\$ 111,532	\$ 2,021,403	\$ 1,715,298
Excess (Deficiency) of Revenues over (under) Expenses	<u>70,006</u>	<u>(11,604)</u>	<u>(11,798)</u>	<u>46,604</u>	<u>306,105</u>
Balances December 31	<u>\$ 251,961</u>	<u>\$ 1,716,312</u>	<u>\$ 99,734</u>	<u>\$ 2,068,007</u>	<u>\$ 2,021,403</u>

See accompanying notes to financial statements.