

The Villas at   
**FIVE PONDS**  
COMMUNITY ASSOCIATION

April 6, 2021

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 2020 Audited Financial statements.

- The Independent Auditors Report
- The December 31, 2020 Balance Sheet
- The December 31, 2020 Statement of Revenues and Expenses
- The December 31, 2020 Statement of Changes of Fund Balances.

For Association members in good standing a full copy of the Auditor's report, 14 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. If you have a question about the report please contact our Treasurer, Mark Schwartz .

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, 2020, 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, 2019, 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 28, 2020.

**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, 2020, 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

February 12, 2021

**THE VILLAS AT FIVE PONDS COMMUNITY ASSOCIATION**  
**BALANCE SHEET**  
**DECEMBER 31, 2020**

(With Comparative Totals for December 31, 2019)

	Operating Fund	Replacement Reserve Fund	Capital Fund	2020 Total	2019 Total
<b>ASSETS</b>					
<b><u>Assets</u></b>					
Cash	\$ 293,134	\$ 55,536	\$ 100,000	\$ 448,670	\$ 345,801
Certificates of Deposit	125,000	1,645,000	-	1,770,000	1,739,000
Assessment Receivable	1,742	-	-	1,742	500
Miscellaneous Receivable	-	-	-	-	300
Interest Receivable	-	28,198	-	28,198	18,377
Prepaid - Other	10,789	-	-	10,789	766
Prepaid Federal Income Taxes	5,209	-	-	5,209	-
Prepaid Insurance	5,227	-	-	5,227	5,110
Total Assets	<u>\$ 441,101</u>	<u>\$ 1,728,734</u>	<u>\$ 100,000</u>	<u>\$2,269,835</u>	<u>\$2,109,854</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b><u>Liabilities</u></b>					
Accrued Expenses	\$ 12,759	\$ -	\$ -	\$ 12,759	\$ 7,904
Accounts Payable	74,653	-	-	74,653	11,162
Federal Income Tax Payable	-	-	-	-	6,556
Prepaid Assessments	16,193	-	-	16,193	16,225
Total Liabilities	<u>103,605</u>	<u>-</u>	<u>-</u>	<u>103,605</u>	<u>41,847</u>
<b>Fund Balances</b>	<u>337,496</u>	<u>1,728,734</u>	<u>100,000</u>	<u>2,166,230</u>	<u>2,068,007</u>
Total Liabilities and Fund Balances	<u>\$ 441,101</u>	<u>\$ 1,728,734</u>	<u>\$ 100,000</u>	<u>\$2,269,835</u>	<u>\$2,109,854</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, 2020**  
(With Comparative Totals for the Year Ended December 31, 2019)

	Operating Fund	Replacement Reserve Fund	Capital Fund	2020 Total	2019 Total
<b>Revenues</b>					
Association Fees - Members	\$ 618,240	\$ 211,680	\$ 10,080	\$840,000	\$ 840,000
Paid-In Capital	-	-	23,964	23,964	26,676
Interest Income	3,847	27,921	1,245	33,013	50,551
Rental	350	-	-	350	2,450
Guest Passes	-	-	-	-	1,531
Miscellaneous Income	279	2,967	4,755	8,001	6,076
Late Fees	330	-	-	330	121
Fines	75	-	-	75	-
Social Committee	-	-	-	-	5,000
Total Revenues	623,121	242,568	40,044	905,733	932,405
<b>Expenses</b>					
Capital Expenditures	-	-	39,778	39,778	55,445
Reserve Expenditures	-	230,146	-	230,146	270,583
Bank Charges	1,022	-	-	1,022	999
Cable Service	675	-	-	675	672
Cleaning	16,143	-	-	16,143	26,820
Clubhouse Supplies	3,686	-	-	3,686	7,467
Copying and Mailing	990	-	-	990	1,113
Electricity	900	-	-	900	837
Exterminating	754	-	-	754	925
Federal Income Taxes	7,791	-	-	7,791	12,956
Grounds Maintenance	251,153	-	-	251,153	234,393
Insurance	17,029	-	-	17,029	15,515
Legal and Accounting	17,777	-	-	17,777	9,662
Licenses and Permits	890	-	-	890	360
Management Services	62,160	-	-	62,160	60,480
Meeting and Board	-	-	-	-	150
Office Expenses	879	-	-	879	1,302
Pool Contract and Supplies	18,382	-	-	18,382	34,690
Pond Maintenance	4,404	-	-	4,404	3,018
Postage	917	-	-	917	767
Repairs and Maintenance	22,493	-	-	22,493	39,199
Security	2,989	-	-	2,989	1,453
Snow Removal	27,810	-	-	27,810	23,694
Telephone	895	-	-	895	953
Trash Removal	53,760	-	-	53,760	52,080
Utilities - Clubhouse	21,139	-	-	21,139	26,732
Water and Sewer	2,948	-	-	2,948	3,536
Total Expenses	537,586	230,146	39,778	807,510	885,801
Excess (Deficiency) of Revenues over (under) Expenses	\$ 85,535	\$ 12,422	\$ 266	\$ 98,223	\$ 46,604

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, 2020**  
(With Comparative Totals for the Year Ended December 31, 2019)

	Operating Fund	Replacement Reserve Fund	Capital Fund	2020 Total	2019 Total
Balances January 1	\$ 251,961	\$ 1,716,312	\$ 99,734	\$ 2,068,007	\$ 2,021,403
Excess (Deficiency) of Revenues over (under) Expenses	<u>85,535</u>	<u>12,422</u>	<u>266</u>	<u>98,223</u>	<u>46,604</u>
Balances December 31	<u><u>\$ 337,496</u></u>	<u><u>\$ 1,728,734</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 2,166,230</u></u>	<u><u>\$ 2,068,007</u></u>

See accompanying notes to financial statements.