

**WHITE HORSE PARK
COMMUNITY ASSOCIATION, INC.**

AUDIT COMMUNICATIONS

MARCH 31, 2020

WHITE HORSE PARK COMMUNITY ASSOCIATION, INC.

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE



Wigglesworth, Layton, Moyers & Chance, P.C.

Certified Public Accountants

June 19, 2020

To the Board of Directors
White Horse Park Community Association, Inc.
Berlin, Maryland

We have audited the financial statements of White Horse Park Community Association, Inc. for the year ended March 31, 2020, and have issued our report thereon dated June 19, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 31, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019-2020. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statement were the calculation of depreciation of capitalized assets and the allowance for doubtful accounts.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.



Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of White Horse Park Community Association, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

Wiggleworth, Layton, Moyne & Chance, P.C.

Salisbury, Maryland

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL



Wigglesworth, Layton, Moyers & Chance, P.C.

Certified Public Accountants

June 19, 2020

To the Board of Directors
White Horse Park Community Association, Inc.
Berlin, Maryland

In planning and performing our audit of the financial statements of White Horse Park Community Association, Inc. as of and for the year ended March 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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 effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. We did identify deficiency 2020-1 as described in the accompanying schedule of *Comments and Recommendations* to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any significant deficiencies as a result of the audit.

This communication is intended solely for the information and use of management, the Board of Directors and others within the Association, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Wigglesworth, Layton, Moyers & Chance, P.C.

Salisbury, Maryland

COMMENTS AND RECOMMENDATIONS


COMMENTS AND RECOMMENDATIONS

Material Weaknesses

2020-1 Segregation of Duties with the Accounting Functions

There is a lack of segregation of duties within all of the accounting and bookkeeping functions of the Association. All process functions are primarily performed by the same person, who, for example, receives cash, prepares deposits and slips for the bank, makes the deposit into the bank accounts, posts all transactions to the general ledger, and reconciles the bank statements.

A lack of segregation of duties significantly increases the risk of fraud, and intentional or unintentional errors can go undetected. This is a common situation in small organizations due to matters such as budget constraints, or the organization's determination that the benefit of hiring enough personnel for sufficient segregation of duties may not justify the cost.

 In order to address the lack of segregation of duties, members are encouraged to submit their payments directly to the Bank of Willards. Additionally, each board member is provided with monthly financial reports that include details of invoices paid and copies of the bank reconciliations. Board members also have direct access to the bank accounts and can request statements, transaction history and etc.