

HARRODSBURG SQUARE CONDOMINIUM ASSOCIATION, INC.
LEXINGTON, KENTUCKY

REPORTS TO MANAGEMENT

YEAR ENDED DECEMBER 31, 2019

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Hicks & Associates CPAs

CERTIFIED PUBLIC ACCOUNTANTS

October 5, 2021

Board of Directors
Harrodsburg Square Condominium Association, Inc.
Lexington, Kentucky

We have audited the financial statement of Harrodsburg Square Condominium Association, Inc. ("Association") for the year ended December 31, 2019, and have issued our report thereon dated October 5, 2021. 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. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statement prepared by management with your oversight is fairly presented, in all material respects, in conformity with the cash receipts and disbursements basis of accounting. Our audit of the financial statement does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Matters and 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 B to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2019. 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 statement 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 statement and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Board of Directors
Harrodsburg Square Condominium Association, Inc.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit and appreciate the excellent cooperation we received from Association personnel during the audit.

Corrected and Uncorrected Misstatements

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. No misstatements were detected during our audit procedures to the financial statement 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 statement or the auditors' 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.

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 statement or a determination of the type of auditors' opinion that may be expressed on that statement, 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 prior to acceptance 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 acceptance.

Board of Directors
Harrodsburg Square Condominium Association, Inc.

Required Supplemental Information

With respect to the supplementary information required by the Financial Accounting Standards Board, management has omitted that information which, although not a part of the basic financial statement, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context.

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

Sincerely,

Hicks & Associates CPAs

Hicks & Associates CPAs

CERTIFIED PUBLIC ACCOUNTANTS

October 5, 2021

Management

Harrodsburg Square Condominium Association, Inc.
Lexington, Kentucky

In planning and performing our audit of the financial statement of Harrodsburg Square Condominium Association, Inc. ("Association") for the year ended December 31, 2019, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated October 5, 2021, on the financial statement of the Association. We will review the status of these comments during our next audit engagement.

Procurement for Services

We noted during our testing of cash disbursements that large projects were being performed without a bidding process. We recommend that three (3) bids be obtained for any major expenditures incurred by the Association.

Board Minutes

We requested the 2020 Board minutes during our review of subsequent events. Only one (1) meeting was documented in writing. All Board meetings should be documented in writing and signed off by a Board officer to ensure the decision making process and leadership of the Association.

Maintenance Coordinator Agreement and Services

While testing disbursements to the maintenance coordinator, we observed there was no formal written agreement with the maintenance coordinator. We recommend the Association formalize its relationship with the maintenance coordinator with a written agreement. Although we were provided support for all tested amounts paid to the maintenance coordinator, detailed descriptions of the services provided were lacking. We recommend an itemized invoice for the services provided by the maintenance coordinator. Starting in early 2020, the Association implemented a formal process with work orders detailing the services provided which includes Board approval prior to services being performed.

Management
Harrodsburg Square Condominium Association, Inc.

Bank Reconciliations

During our review of bank reconciliations, we identified instances where bank statements were not timely reconciled to the financial records. We recommend that all bank reconciliations are performed within 15 days of months end so the Association is aware of how much cash is available for disbursements.

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

Sincerely,

Hicks & Associates CPAs