

**WILLIAM
OWENS
&
COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION**

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CARBONDALE, PA 18407
570-281-9761

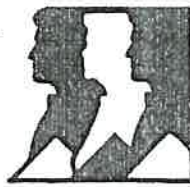
16 CHESTNUT STREET
MONTROSE, PA 18801
570-278-2260

**The Escape Property
Owners Association, Inc.**

Financial Statements
And Supplementary Information
For the Year Ended
December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Escape Property Owners Association, Inc.
Greentown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of The Escape Property Owners Association, Inc. which comprise the statements of assets, liabilities, and fund balances – modified cash basis as of December 31, 2019, and the related statements of revenues, expenses, and changes in fund balances – modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Escape Property Owners Association, Inc. as of December 31, 2019, and the results of its operations for the year then ended in conformity with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted the Required Supplementary Information about Future Major Repairs and Replacements that the modified cash basis of accounting requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Report of Summarized Comparative Information

We have previously audited The Escape Property Owners Association, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated February 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

William Owens + Co, CPA

William Owens and Company
Certified Public Accountants
Carbondale, PA
January 25, 2020

The Escape Property Owners Association, Inc.
Statements of Assets, Liabilities, and Fund Balances - Modified Cash Basis

December 31, 2019

	ASSETS					2018	
	2019	Special					Total (For
	Operating	Replacement	Dock	Assessment	Eliminations	Total	Comparative
	Fund	Fund	Fund	Fund		Total	Purposes Only)
Current Assets:							
Cash and Cash Equivalents	\$ 92,447	\$ -	\$ 6,436	\$ 10,128	\$ -	\$ 109,011	\$ 187,459
Due From Other Funds	-	18,606	20,196	7,326	(46,128)	-	-
Total Current Assets	<u>92,447</u>	<u>18,606</u>	<u>26,632</u>	<u>17,454</u>	<u>(46,128)</u>	<u>109,011</u>	<u>187,459</u>
Fixed Assets:							
Cost	1,308,084	-	-	-	-	1,308,084	1,301,288
Less: Accumulated Depreciation	(1,051,690)	-	-	-	-	(1,051,690)	(1,015,769)
Net Fixed Assets	<u>256,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,394</u>	<u>285,519</u>
Other Assets:							
Cash- Restricted	-	40,887	-	-	-	40,887	167,574
Certificates of Deposit	79,350	-	7,362	-	-	86,712	84,867
Total Other Assets	<u>79,350</u>	<u>40,887</u>	<u>7,362</u>	<u>-</u>	<u>-</u>	<u>127,599</u>	<u>252,441</u>
Total Assets	<u>\$ 428,191</u>	<u>\$ 59,493</u>	<u>\$ 33,994</u>	<u>\$ 17,454</u>	<u>\$ (46,128)</u>	<u>\$ 493,004</u>	<u>\$ 725,419</u>

"See independent auditor's report and accompanying notes to financial statements"

The Escape Property Owners Association, Inc.
Statements of Assets, Liabilities, and Fund Balances - Modified Cash Basis

December 31, 2019

LIABILITIES AND FUND BALANCES

	2019					2018		
	Operating Fund	Replacement Fund	Dock Fund	Special Assessment Fund		Eliminations	Total	Total (For Comparative Purposes Only)
				Fund	Fund			
<u>Current Liabilities</u>								
Due To Other Funds	\$ 46,128	\$ -	\$ -	\$ -	\$ (46,128)	\$ -	\$ -	-
Current Portion of Long-Term Debt	43,844	-	-	70,913	-	114,757	-	74,217
Current Portion of Capital Lease	-	-	-	-	-	-	-	6,927
Total Current Liabilities	<u>89,972</u>	<u>-</u>	<u>-</u>	<u>70,913</u>	<u>(46,128)</u>	<u>114,757</u>	<u>-</u>	<u>81,144</u>
<u>Long-Term Liabilities</u>								
Long Term Debt, Net of Current Portion	64,613	-	-	95,329	-	159,942	-	188,071
Total Long-Term Liabilities	<u>64,613</u>	<u>-</u>	<u>-</u>	<u>95,329</u>	<u>-</u>	<u>159,942</u>	<u>-</u>	<u>188,071</u>
Total Liabilities	<u>154,585</u>	<u>-</u>	<u>-</u>	<u>166,242</u>	<u>(46,128)</u>	<u>274,699</u>	<u>-</u>	<u>269,215</u>
<u>Fund Balances:</u>								
Designated - (Capital Replacement)	-	59,493	-	(148,788)	-	(89,295)	-	(23,571)
Undesignated	273,606	-	33,994	-	-	307,600	-	479,775
Total Fund Balances	<u>273,606</u>	<u>59,493</u>	<u>33,994</u>	<u>(148,788)</u>	<u>-</u>	<u>218,305</u>	<u>-</u>	<u>456,204</u>
Total Liabilities And Fund Balances	<u>\$ 428,191</u>	<u>\$ 59,493</u>	<u>\$ 33,994</u>	<u>\$ 17,454</u>	<u>\$ (46,128)</u>	<u>\$ 493,004</u>	<u>\$ 493,004</u>	<u>\$ 725,419</u>

See independent auditor's report and accompanying notes to financial statements

The Escape Property Owners Association, Inc.
 Statements of Revenues, Expenses, and Changes in Fund Balances - Modified Cash Basis

For the Year Ended December 31, 2019,

	2019				2018		
	Operating Fund	Replacement Fund	Dock Fund	Special Assessment Fund	Eliminations	Total	Total (For Comparative Purposes Only)
Revenues:							
Member Assessments	\$ 742,757	\$ 38,932	\$ 45,628	\$ -	\$ -	\$ 827,317	\$ 825,838
Special Assessment	-	-	-	71,872	-	71,872	71,877
Other Revenue	40,554	49,192	-	-	-	89,746	104,611
Total Revenues	783,311	88,124	45,628	71,872	-	988,935	1,002,326
Expenses:							
Administration	264,982	-	4,616	-	-	269,598	268,919
Amenities	41,261	-	12,520	-	-	53,781	54,941
Roads	116,913	260,163	-	-	-	377,076	15,230
Sewer	145,958	-	-	-	-	145,958	108,107
Water	120,913	-	-	-	-	120,913	99,211
Security	47,221	-	2,454	-	-	49,675	65,273
Maintenance	122,077	-	36,395	-	-	158,472	122,833
Interest	6,325	-	-	12,296	-	18,621	18,657
Total Expenses	865,650	260,163	55,985	12,296	-	1,194,094	753,171
Excess / (Deficit) of Revenues Over (Under) Expenses	(82,339)	(172,039)	(10,357)	59,576	-	(205,159)	249,155
Other Income and (Expenses):							
Interest Income	1,756	206	182	-	-	2,144	1,360
Loss on Sale of Fixed Asset	-	-	-	-	-	-	(3,690)
Net Insurance Proceeds	4,486	-	-	-	-	4,486	-
Depreciation	(39,370)	-	-	-	-	(39,370)	(44,897)
Total Other Income and (Expenses)	(33,128)	206	182	-	-	(32,740)	(47,227)
Excess / (Deficit) of Revenues Over (Under) Expenses	(115,467)	(171,833)	(10,175)	59,576	-	(237,899)	201,928
Beginning Fund Balances	425,359	184,793	54,416	(208,364)	-	456,204	254,276
Transfer Between Funds	(36,286)	46,533	(10,247)	-	-	-	-
Ending Fund Balances	\$ 273,606	\$ 59,493	\$ 33,994	\$ (148,788)	\$ -	\$ 218,305	\$ 456,204

"See independent auditor's report and accompanying notes to financial statements"

The Escape Property Owners Association Inc.
Notes to Financial Statements
December 31, 2019

1. ORGANIZATION

The Escape Property Owners Association was incorporated under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania on May 15, 1978 and organized exclusively for homeowner association purposes pursuant to Section 528 of the Internal Revenue Code. The Association is responsible for the operation and maintenance of the common property within the development. On June 15, 1994, the Association purchased the common facilities within the development, including water wells and delivery system, sewage pipe and treatment system, and amenities. The development is located in Greentown in Greene and Palmyra Townships, Pike County, Pennsylvania, and includes four hundred seventy-three lots with eight miles of roads.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Association has adopted the modified cash method of accounting for tax and financial reporting purposes. Consequently, revenues are recognized when received, and expenditures are recognized when disbursed, which differs from General Accepted Accounting Principles, only income tax liabilities; payroll tax liabilities, loan balances, capital leases payable, fixed assets, and intercompany receivables and payables are recorded as assets and liabilities in addition to cash.

B. Basis of Presentation

The Association maintains its accounts using fund accounting, classified as follows:

Operating fund - used to account for resources available for the general operations of the Association

Capital Replacement fund - used to accumulate resources designated for capital expenditures

Dock fund - received from Dock Owners designated for dock related expenditures

Special Assessment fund - designated for generators, paving, tennis courts, Southerton pool repairs and maintenance, and the related loan payment

The Escape Property Owners Association Inc.
Notes to Financial Statements
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Member Assessments

Association members are subject to periodic assessments to provide funds for the Association's operating expenses. Current recurring assessments include:

Annual Dues	\$ 50
Sewer and Water (Invoiced Monthly)(Annual Fee)	682
Annual Maintenance (Invoiced Monthly)(Annual Fee)	1,118

Upon transfer of a property there is a Capital Improvement Fee imposed on the property payable by either/or the buyer/seller at time of settlement.

Developed Lots	\$1,800
Undeveloped Lots	900

The Association's governing documents generally provide for the levying of special assessments, when capital expenditures are necessary. Currently, there is one special assessment as discussed in Note 3.

The Association's policy is to retain legal counsel and place liens on properties of homeowners' delinquent in payment of assessments. Subsequent to the June 15, 1994 amenities and utilities purchase, the Association's governing documents provide for suspension of utility service for unpaid utility assessments. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

D. Fixed Assets Depreciation

The Association capitalizes all property and equipment, to which it has evidence of ownership. Property and equipment acquired by the Association are recorded at cost. Property and equipment is depreciated over its estimated useful life primarily using the straight-line method. Rates used to compute depreciation, using the straight-line method, are based on the following estimated useful lives:

<u>Classification</u>	<u>Years</u>
Buildings and Amenities	40
Sewer Plant and Water System	7-40
Equipment and Furnishings	3-7
Closing Costs	3-6

The Escape Property Owners Association Inc.
Notes to Financial Statements
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Common Property

The Association has adopted the accounting principles prescribed by the audit and accounting guide, Audits of Common Interest Realty Associations, issued by the American Institute of Certified Public Accountants.

The Association's policy is to expense improvements to common real property whether or not directly associated with the lots in the year the costs are incurred.

Common property not recognized as assets in these financial statements includes the clubhouse, tennis area, other amenities, and the roads and common areas located within the development.

Although the Association is responsible for the repair and replacement of the common real property, it is unable to sell or otherwise dispose of this property without membership approval.

F. Income Taxes

The Association may elect to file form 1120H, as a homeowners' association, under IRS Code Section 528 or file form 1120 under IRS Code Section 277. Under the homeowners' association election, the Association is taxed on its net nonexempt function income at a flat rate of 30%. Exempt function income, which consists primarily of members' assessments, is not taxable. As a corporation filing under Section 277, the Association is usually taxed only on net non-membership income that is not received from members of the Association, such as interest income. Membership income may be excluded from taxation if certain elections are made. The Association is tax-exempt for Pennsylvania purposes.

For the year ended December 31, 2019, the Association elected to file Form 1120H.

G. Concentration of Credit Risk

The Association maintains its cash balances at local financial institutions in northeast Pennsylvania. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

H. Economic Dependency

The Association's members are primarily from Northeastern Pennsylvania, New Jersey and New York. The ability of these members to honor their obligations to the Association is dependent on the economy of the region. The Association has the right to file liens on the property of any homeowner who fails to pay dues and assessments.

The Escape Property Owners Association Inc.
Notes to Financial Statements
December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. SPECIAL ASSESSMENT

During 2016, the Association voted to enact a special assessment necessary to fund the purchase of generators mandated by DEP, paving, tennis courts, and the Southerton pool. Each member is assessed \$164 annually for 5.5 years.

4. CASH AND CASH EQUIVALENTS

The Association considers all certificates of deposits with original maturities of three months or less to be cash equivalents.

5. FIXED ASSETS

Fixed assets consist of the following:

	<u>December 31, 2019</u>
Land and Amenities	\$ 325,142
Sewer Plant and Water System	865,324
Equipment and Furnishings	<u>117,618</u>
Total Fixed Assets	1,308,084
Less: Accumulated Depreciation	<u>(1,051,690)</u>
Net Fixed Assets	<u>\$ 256,394</u>

Depreciation expense for the year ended December 31, 2019 was \$39,370.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. The Association has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The Board of Directors has established a replacement fund in which funds are designated for repairs and replacements. The amount of funds set aside and restricted for that use total \$59,493 as of December 31, 2019.

The Escape Property Owners Association Inc.
Notes to Financial Statements
December 31, 2019

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS (CONTINUED)

Amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board of Directors may increase regular assessments, pass special assessments, borrow funds or delay major repairs and replacement until funds are available.

7. LITIGATION, CLAIMS AND ASSESSMENTS

In the normal course of business, the Association may periodically be named as a defendant in litigation. Presently, the Association has one pending lawsuit, which management believes is fully covered by insurance and should have no material effect on the finances of the Association.

8. LONG-TERM DEBT

The following loans were outstanding as of December 31, 2019:

	Loan Balances at <u>12/31/2019</u>
Dime Bank Special Assessment Loan: Note payable with a 5.5% interest rate and term of 66 months due April 2022. Payments for the first six months are interest only calculated on outstanding balance. After the first six months, interest and principal are payable in monthly installments of \$6,598. Secured by accounts receivable.	\$ 168,615
Ford Credit Loan: 2015 Ford F250 loan with a term of 60 months. Principal and interest payable in monthly installments of \$694 per month at an annual interest rate of 4.8%, due September 2022, secured by 2015 Ford F250.	22,103
Dime Bank Road Loan Note payable with a term of 36 months, interest rate of 5.5%, monthly payments of \$3,325.93, due April 2022, secured by accounts receivable, member dues, equipment, furniture and fixtures.	<u>87,131</u>

The Escape Property Owners Association Inc.
Notes to Financial Statements
December 31, 2019

8. LONG-TERM DEBT (CONTINUED)

Total Debt	277,849
Less: Unamortized Debt Issuance Costs	(3,150)
Long-Term Debt Less Unamortized Debt Issuance Costs	<u>274,699</u>
Less: Current Portion	(114,757)
Long-Term Portion of Debt	<u>\$ 159,942</u>

Amortization of the debt issuance costs is reported as interest expense in the statement of revenues, expenses, and changes in fund balances – modified cash basis.

Maturities of long-term debt are as follows:

2020	\$ 114,757
2021	121,092
2022	42,000
Total	<u>\$ 277,849</u>

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 25, 2020, which is the date the financial statements were available to be issued. As of January 25, 2020, the estimated subsequent borrowings related to the sewer treatment improvement project will be approximately \$1.5 million. In addition, engineering estimates for recommended improvements to the water system are also estimated at \$2 million to \$2.5 million.

Supplementary Information

The Escape Property Owners Association, Inc.
Schedules of Operating Expenses
For the Year Ended December 31, 2019

	2019
Schedule A	
Administrative	
Accounting	\$ 6,206
Dues and Subscriptions	484
Electric-Office	2,483
Insurance	50,279
Benefits	29,386
Legal Fees	4,575
Salaries and Wages	101,619
Miscellaneous	18,905
Office Supplies and Postage	9,946
Collection Costs	3,338
Payroll Taxes	26,965
Telephone	10,796
Total Administrative	\$ 264,982
Schedule B	
Amenities	
Electric	\$ 8,329
Lifeguards	6,502
Recreation Supplies	14,563
Repairs and Maintenance	11,867
Total Amenities	\$ 41,261
Schedule C	
Security	
Contracted Security	\$ 47,221
Total Security	\$ 47,221

The Escape Property Owners Association, Inc.
Schedules of Operating Expenses (Continued)
For the Year Ended December 31, 2019

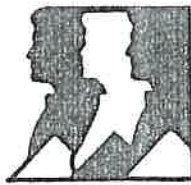
	2019
Schedule D	
Roads	
Road Repairs	\$ 107,199
Snow Removal	9,714
Total Roads	\$ 116,913
Schedule E	
Utilities-Sewer	
Chemicals and Supplies	\$ 11,574
Electric-Sewage System	16,447
Repairs and Maintenance	108,072
Sewage Testing	9,865
Total Utilities-Sewer	\$ 145,958
Schedule F	
Utilities-Water	
Chemicals and Supplies	\$ 25,521
Electric-Water System	18,676
Repairs and Maintenance	71,184
Lab Testing	5,532
Total Utilities-Water	\$ 120,913
Schedule G	
Maintenance	
Wages	\$ 86,967
Vehicles	24,663
Supplies	6,321
Garbage	4,126
Total Maintenance	\$ 122,077

See independent auditor's report and accompanying notes to financial statements

The Escape Property Owners Association, Inc.
Schedules of Operating Expenses (Continued)
For the Year Ended December 31, 2019

	<u>2019</u>
Schedule H	
Replacement Fund	
Roads	\$ 260,163
Total Replacement Fund	<u><u>\$ 260,163</u></u>

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January 25, 2020

To the Board of Directors and Management

The Escape Property Owners Association, Inc.
PO Box 282
Greentown, PA 18426

We have audited the financial statements of The Escape Property Owners Association, Inc. for the year ended December 31, 2019, and we will issue our report thereon dated January 25, 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 dated October 11, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Escape Property Owners Association, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 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 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 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 our 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. 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 January 25, 2019.

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.

Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Required Supplementary 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 statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

This information is intended solely for the use of the Board of Directors and Management of The Escape Property Owners Association, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,



William Owens and Company
Certified Public Accountants