

ICRIA HOA Board Annual Financial Audit Procedure
Audit Period: 01 July 2019 to 30 June 2020
(Performed December 2020)

Audit Performed and Supported by:

Diane Muscianisi, Volunteer Auditor
Denice Cortez, Volunteer Auditor
Gary Cammarata, Volunteer Auditor (consulting support)

Requested Documentation and Reports Supplied By:

Lilo Bradford, ICRIA HOA Treasurer

Audit Objectives:

1. To ensure that the HOA Board is fulfilling its obligation to maintain the finances of ICRIA and that all monies are accurately accounted for.
2. Determine the accuracy of the Board's Statements of Checking and Savings Account balances for the previous 12 months.
3. Determine whether the HOA Board has adequate management controls over financial transactions in place those controls are being implemented on a consistent basis.
4. Determine that there is compliance to the ICRIA Covenants and By-laws.
5. Determine that ICRIA Annual Dues are being collected to the best of the HOA Board's ability and records of all incoming and outstanding dues are current and up to date.

Audit Procedure:

1. Two ICRIA homeowners in good standing were asked if they would be willing to conduct the audit. The volunteer auditors were supported by prior volunteer auditor.
2. The auditors met with the HOA Board Treasurer on September 29, 2020.
3. The Treasurer prepared and provided access to all of the items needed for the audit.
4. The auditors verified that the HOA Board is following proper financial protocol for the community. This protocol includes:
 - a. More than one HOA Board member should have check signing responsibilities registered with the community's banking institution. Currently three board members have signing privileges: President, Treasurer, and Secretary.
 - b. All invoices were available to be reviewed by all HOA Board members. This was accomplished mostly by scanning and emailing the documents, making available at monthly Board meetings and by hand delivery, if needed. Spot check of invoices was completed to ensure records of invoices were maintained.
 - c. The Treasurer recorded all payments and deposits in the QuickBooks program.
 - d. At each monthly HOA Board meeting (open to all ICRIA homeowners), the Treasurer provided expenses paid and deposits made for the public record.
 - e. All invoices and deposit slips were stored in by Treasurer in file folders.

5. Checking and Savings Account statements were examined to verify beginning and end of audit period balances. These were tied into the reports generated by QuickBooks.
6. The auditors spot checked expenditures (processed bills, etc.) and deposits and traced them successfully to the QuickBooks reports.
7. The auditors reviewed the list of outstanding annual dues. As of the date of the audit, there were no lots with outstanding dues for the 2019 annual dues.

- a. Note that the HOA Dues Income on the Profit-Loss-Income Statement for the audit period included revenue for both the current and future fiscal year (FY):

2019-2020 HOA Dues Collected: \$34,600*

2020-2021 HOA Dues Collected Early: \$16,340

Total Dues HOA Dues Collected This FY: \$50,940

**Note: 175 lots x \$200 = \$34,600; Total lots paying = 178;
5 lots paid in 2018-2019 fiscal year.*

8. The auditors verified that the Federal and State tax returns were filed and complete.
9. The auditors verified that the community insurance is paid and the policy is in effect.
10. A hard copy of this report will be filed with the community's records.

Conclusion:

Based on the information provided and review of the documents, reports, receipts, invoices, and deposits, the ICRIA financials appear to be in good order and no issues were noted.

Attachments:

- 1 – Profit-Loss-Income Statement
- 2 – Balance Sheet
- 3 – AR-Summary

Diane Muscianisi

Denice Cortez

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Notes/Suggestions from the 2020 Audit and Additional Auditor Suggestions

1. Obtain a credit or debit card for bill payment.
Credit/debit card use to be approved by a board member.
2. Approve use of auto-payment for regular billing. Example: S&B Portable.
3. Conduct annual review of vendors for competitive pricing.
 - a. S&B Portable
 - b. Website
4. Future audits
 - a. Provide electronic access to QuickBooks.
 - b. Develop and document a process to streamline audits.
5. Develop and document process for Treasurer duties for the purpose of:
 - a. Streamlining Treasurer responsibilities.
 - b. Improving training time when transferring treasurer duties.
6. Consider increasing treasurer responsibilities from 2 to 3 years.
7. Upgrade QuickBooks to latest version.
8. Create an account such as Deferred HOA dues enable accounting for HOA dues aligned with each fiscal year.