

Report of Audit of 2015 IMPOA Financials

March 19, 2016

On March 19, 2015, Vice President Dennis McQuillan and Secretary Kim Novitch met with Treasurer Karen Goodman to audit the financial records of Indian Mountain Property Owners Association (IMPOA) for its fiscal and calendar year 2015. This report summarizes the process, conclusion and recommendations of that audit.

Audit Process

Karen served as the IMPOA Treasurer for the entire year. She manually tracked IMPOA financial transactions and performed monthly bank reconciliations in MS Excel. Karen briefed us on her process, which includes: maintaining hardcopy files of receipts, bank statements and reconciliations and reporting financial records using a cash based method; recording expenses in the period paid and matching Member Dues Received based upon the number of memberships during the accounting period. She maintains the financials in a MS Excel Workbook that includes separate tabs for 1) the Financials/Budget, 2) the Bankbook, and 3) a Pivot Table that groups item totals for the year by category and highlights expenses in RED and receipts in BLACK.

We validated that all receipts and deposits for the year were accurately recorded.

We compared each month's register of checks issued by IMPOA to the corresponding receipts for items and services purchased and found all to be in excellent order. Karen maintains paper copies of these records according to budget category, as they are also recorded in the bank statements.

We verified that the ending balance for December 31, 2014 in IMPOA's Bank of the West checking account was \$46,785.38. The beginning amount that is reflected in the transaction log is \$46,119.38 which is related to two outstanding checks (\$632 and \$34) on January 1, 2015. With the total deposits for the year (\$32,443) less the total disbursements for the year (\$55,742.02) yielded a year-end balance which equaled the IMPOA Bank of the West checking and transaction log account balance of \$22,820.36.

We verified that the financial statement reflecting IMPOA reserves in the Synchrony certificate of deposit and money market account reconciled to the bank's year ending statements of these accounts as of December 31, 2015 (\$25,206.82 and \$25,353.41 respectively). Additionally we validated the ending balance of the PayPal account as \$134.72.

Additional Comments and Recommendations

We noted that the financial statement shows dues income of \$27,790. That is a calculated amount based on the number of members in good standing and is valid for planning purposes. The actual dues income as calculated in the spreadsheet log for calendar year 2015 is \$25,444.

The adjustment is to improve planning accuracy while dues are still being received during the first quarter of 2016; i.e., some of the memberships are still in processing.

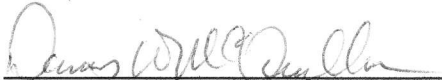
There is a mismatch between IMPOA's calendar year accounting and the business year, which is effectively September 1 through Aug 31 based on the timing of our membership drive and dues income. This mismatch has led to the need to make some of the adjustments described above. We recommend changing the accounting fiscal year to coincide with the business year (September 1 through August 31) and note that this change has been previously considered by the Board of Directors and is planned to begin September 1, 2016.

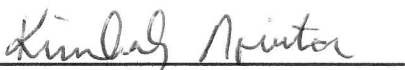
The IMPOA merchandise inventory has previously been valued as an asset based on the sale price (Fair Market Value) of the merchandise. It is customary to value inventory at cost since that is the only value that can be determined with certainty. In 2016 and future years we recommend valuing the inventory at cost and recognizing the revenue as income when items are sold. This change will substantially reduce the inventory valuation.

Conclusion

We verified that the Balance Sheet and Statement of Income and Expenses compiled for December 31, 2015, as summarized above, match corresponding figures noted in the bank reconciliations, bank statements and financial statements and are an accurate reflection of the financial condition of IMPOA for the fiscal and calendar year ending December 31, 2015.

Respectfully Submitted,

Dennis McQuillan  4-9-16
 IMPOA Vice President Date

Kim Novitch  4-9-16
 IMPOA Secretary Date

2015 IMPOA Financial Statement

| CURRENT ASSETS | | Date | Amount |
|----------------|---|------------|--------------------|
| | Operating Account (Checking - Bank of the West) | 12/31/2015 | \$22,820.36 |
| | Reserve Account (CD – Synchrony Bank) | 12/31/2015 | \$25,353.41 |
| | Reserve Account (Money Market – Synchrony Bank) | 12/31/2015 | \$25,206.82 |
| | PayPal | 12/31/2015 | \$134.72 |
| | IMPOA Merchandise Inventory (Fair Market Value) | 12/31/2015 | \$4,327.00 |
| | Petty Cash (Change for Merchandise Sales) | 12/31/2015 | \$74.00 |
| | Net Worth not counting outstanding bills | 12/31/2015 | \$77,916.31 |

| | | 2014 Audited | 2015 Actual | 2015 Budget |
|---------------------------------|---|--------------------|--------------------|--------------------|
| INCOME | | | | |
| Member Dues Received | 794 Households | \$24,115.00 | \$27,790.00 | \$24,500.00 |
| Donations | | 3,741.00 | 5,961.00 | 3,000.00 |
| IMPOA Merchandise Sales | | 1,006.00 | 812.00 | 1,000.00 |
| Interest Income | | - | 439.72 | 475 |
| | Total Income | \$28,862.00 | \$35,002.72 | \$28,975.00 |
| EXPENSES | | | | |
| Insurance | General Liability Insurance | \$952.00 | \$952.00 | \$1,000.00 |
| | Directors & Officers Insurance | 1,207.00 | - | - |
| | Subtotal Insurance | \$2,159.00 | \$952.00 | \$1,000.00 |
| Board Operations | Office Supplies, PO Box rent, etc. | 42.06 | - | 100 |
| | Conference Calls | - | - | 50 |
| | Bank Fees & Charges | (3.60) | 138.63 | 35 |
| | Travel Cost Reimbursement - bank, post office, etc. | - | 18.00 | 25 |
| | Contract Labor - Office Manager | 1,510.00 | 2,079.00 | 1,800.00 |
| | Miscellaneous Administrative Expense including Annual Mailing | 1,485.15 | 1,375.62 | 1,500.00 |
| | Subtotal Board Operations | \$3,033.61 | \$3,611.25 | \$3,510.00 |
| Caring for the Community | Annual Meeting Expenses | 421.50 | 141.04 | 400 |
| | Annual & Other Meetings Snacks/Drinks | 200.00 | - | 350 |
| | Contract Labor - Sherriff Department | 0.00 | 560 | 0 |
| | Dumpster Day | 1,800.00 | 2,000.00 | 2,400.00 |
| | Joint Activities with IMMD (July picnic, etc.) | 168.88 | 224.71 | 250 |
| | Cattle Exclusion & Fence Building | - | - | 300 |
| | Signage Maintenance and Purchases | 36.16 | 2,413.30 | 1,900.00 |
| | Logo Merchandise Purchases & Printing | 1,931.17 | 2,485.99 | 1,600.00 |
| | Membership Processing Expense - ink, postcards, stamps | - | - | 200 |
| | Internet Web Page Expense | 619.40 | 1,294.40 | 1,300.00 |
| | New Membership Services (Emerging Opportunities) | - | - | 200 |
| | Firewise Community Wildfire Mitigation Projects | - | 5,618.00 | 8,000.00 |
| | Water Augmentation Plan Legal Expenses | 6,783.27 | 36,441.33 | 20,000.00 |
| | Water Augmentation Plan Transfer | - | - | TBD |
| | Subtotal Caring for the Community | \$11,960.38 | \$51,178.77 | \$36,900.00 |
| | Reserve Account Contribution | - | - | - |
| | Total Expenses | \$17,152.99 | \$55,742.02 | \$41,410.00 |