

## Report of Audit of FY 2016 IMPOA Financials

December 9, 2016

During the week of November 28, 2016, President Dennis McQuillan, Vice President Roger Mattson and Treasurer Keith Crump audited the financial records of Indian Mountain Property Owners Association (IMPOA) for FY 2016. In 2016, the IMPOA board modified its fiscal year, previously the same as the calendar year, to September 1 to August 31 to align with membership efforts and the typical annual cycle of activities. This report summarizes the process, conclusion and recommendations of that audit for the previously unaudited period from January 1 to August 31, 2016. Note that the financial statement is for the 12-month period from September 1, 2015 through August 31, 2016 to present annualized figures that allow more meaningful comparison with the annual budget and for convenience in comparison with future fiscal years.

### **Audit Process**

Karen Goodman served as the IMPOA Treasurer in FY 2015 and from January 1 to August 31, 2016 and manually tracked IMPOA financial transactions and performed monthly bank reconciliations in MS Excel. Karen's process included 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 maintained 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 grouped line item totals for the year by category and highlighted expenses in RED and receipts in BLACK.

The actual audit was performed using scanned copies of Karen's hard copy documents on a shared online site in lieu of reviewing physical documents. All bank statements, receipts, invoices and supporting documents were available for review.

We validated on an audit basis 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 order. Karen maintained paper copies of these records per budget category, and they are also recorded in the bank statements.

We verified that the ending balance for August 31, 2015 in IMPOA's Bank of the West checking account was \$17,190.02 which was also the beginning amount that is reflected in the transaction log.

The total deposits for the audited period (\$39,137) less the total disbursements (\$35,055.63) minus a petty cash refund of \$226.00 yielded a fiscal year-end balance which equaled IMPOA's Bank of the West checking and transaction log account balance of \$21,497.39.

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 August 31, 2016 (\$25,563.42 and \$25,307.54 respectively).

**Additional Comments and Recommendations**

The IMPOA Bylaws require that expenditures of over \$1000 be signed by both the treasurer and the president or vice-president. A procedure is established to allow signing of surrogate documents such as emails in lieu of two signatures on the actual check. Three such expenditures were found that did not have the dual signatures documented. These have since been corrected and are now included in the financial records.

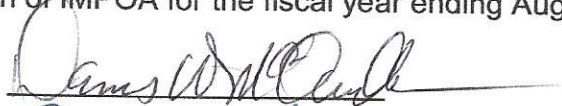
Interest income of \$464.59 is not included in the operating account transaction log since it is generated by the investments in Synchrony Bank.

A deposit of \$226 on Nov. 9, 2015 is a refund from petty cash. It is not reflected in the financial statement. This transaction was the result of moving assets (cash) from petty cash fund to the bank account which has no impact to income or expenses.

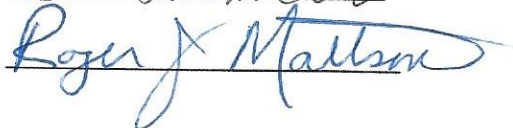
**Conclusion**

We verified that the Balance Sheet and Statement of Income and Expenses compiled for August 31, 2016, 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 year ending August 31, 2016.

Dennis McQuillan



Roger Mattson



**2016 IMPOA Financial Statement**

CURRENT ASSETS		Date	Amount
	Operating Account (Checking - Bank of the West)	8/31/2016	\$21,497.39
	Reserve Account (CD – Synchrony Bank)	8/31/2016	\$25,563.42
	Reserve Account (Money Market – Synchrony Bank)	8/31/2016	\$25,307.54
	PayPal	8/31/2016	\$0.00
	IMPOA Merchandise Inventory (Fair Market Value)	8/31/2016	\$5,134.91
	Petty Cash (Change for Merchandise Sales)	8/31/2016	\$74.00
	Net Worth not counting outstanding bills	8/31/2016	<b>\$77,577.26</b>

		2015 Audited Jan to Dec	2016 Actual Sept to August 31
<b>INCOME</b>			
Member Dues Received	794 Households	\$24,115.00	\$27,370.00
Donations		3,741.00	9,482.00
IMPOA Merchandise Sales		1,006.00	2,285.00
Interest Income		-	464.59
	<b>Total Income</b>	<b>\$28,862.00</b>	<b>\$39,601.59</b>
<b>EXPENSES</b>			
<b>Insurance</b>	General Liability Insurance	\$952.00	\$952.00
	Directors & Officers Insurance	1,207.00	625.00
	<b>Subtotal Insurance</b>	<b>\$2,159.00</b>	<b>\$1,577.00</b>
<b>Board Operations</b>	Office Supplies, PO Box rent, etc.	42.06	38.00
	Bank Fees & Charges	(3.60)	175.20
	Travel Cost Reimbursement - bank, post office, etc.	-	-
	Contract Labor - Office Manager	1,510.00	2,305.95
	Miscellaneous Administrative Expense including Annual Mailing	1,485.15	1,480.94
	<b>Subtotal Board Operations</b>	<b>\$3,033.61</b>	<b>\$4,000.09</b>
<b>Caring for the Community</b>	Annual Meeting Expenses	421.50	217.39
	Annual & Other Meetings Snacks/Drinks	200.00	85.23
	Contract Labor - Sherriff Dlepartment	0.00	560
	Dumpster Day	1,800.00	1900
	Joint Activities with IMMD (July picnic, etc.)	168.88	367.05
	Cattle Exclusion & Fence Building	-	402.59
	Signage Maintenance and Purchases	36.16	2,413.30
	Logo Merchandise Purchases & Printing	1,931.17	2,814.82
	Membership Processing Expense - ink, postcards, stamps	-	-
	Internet Web Page Expense	619.40	655.00
	New Membership Services (Emerging Opportunities)	-	-
	Firewise Community Wildfire Mitigation Projects	-	4,000.00
	Water Augmentation Plan Legal Expenses	6,783.27	16,063.16
	Water Augmentation Plan Transfer	-	-
	<b>Subtotal Caring for the Community</b>	<b>\$11,960.38</b>	<b>\$29,478.54</b>
	Reserve Account Contribution	-	-
	<b>Total Expenses</b>	<b>\$17,152.99</b>	<b>\$35,055.63</b>
	Income Less Expenses	<b>\$11,709.01</b>	<b>\$4,545.96</b>