

Re: FW: Aspen Cove HOA Audit

Dan Wagner <danbwagner@gmail.com>

Thu 6/8/2017 1:10 PM

To: Curtis Steele <csteele73@emerytelcom.net>;

Cc: markp@waterrightconsulting.com <markp@waterrightconsulting.com>; Rick Seastrand <seastrandrandb@hotmail.com>;

Curtis,

I've reviewed all the provided documents and have several follow up questions. Please provide the following:

- December 2016 bank statement for the Money Market account.
- You mention that you only have current year bank reconciliations on file. Was the bank accounts reconciled each month for 2016? If so, where is the documentation retained.
- Copy of invoice 3358, paid via check in the amount of \$4,331.80 issued on 6/27/2016 to M.K. Erkkila L.C.
- Copy of invoice 3621, paid via check in the amount of \$1,560.00 issued on 12/02/2016 to M.K. Erkkila L.C.
- There was a \$500 electronic payment to MK Erkkila on 12/01/16. Given all the other payments to this vendor were made via check, please explain the reason behind the deviation.
- There are several transfers from the money market account to the checking account throughout 2016. What is the methodology for transferring the funds, i.e. balance gets below a certain point, etc.?
- Description of services provided by the following vendors:
 - M.K. Erkkila L.C.
 - Clay Frandsen
 - Marcus Jensen
 - Doug Cloward
- Documentation supporting the \$9,375 payment(s) made to Huntington State Park.
- In 2013, two laptops were purchased for use by the treasurer and the secretary. Who maintains possession of these computers? They are not shown as assets on the balance sheet.
- Weed control - \$2,109 in 2016. Why was such a large expense not budgeted for?
- In comparing the financial statements against the 2016 actual budget I came across a few discrepancies:
 - What is the \$79 of miscellaneous expenses? This is not reflected anywhere in the profit and loss statement.
 - The \$1,368.20 of net income reflected in the financials does not agree to the \$2,880 in the budget. Any idea why? I would expect these to agree.
 - The Dues, Fines, and Late Fee amounts differ between the budget report and the profit and loss statement. Thoughts? I would expect these to agree.
 - Statement of Cash flows reflects an ending cash balance of \$79,424.89, yet the budget report reflects a 12/31/2016 ending cash balance of \$78,875. Why the difference?
- Balance sheet:
 - The accounts receivable balance at 12/31/2016 reflects a credit balance of \$150, suggesting that someone overpaid and is due a refund. Why the credit balance? What is the process for resolving overpayments and issuing refunds? Given the account has a negative balance, I assume that all owners paid their association dues in 2016. Please confirm that is correct.
 - The accounts payable balance at 12/31/2016 reflects a debit balance of \$90.55, suggesting that the association overpaid its liabilities and is due a refund. Why the debit balance? What is the process for resolving monies owed to the association?
- Please provide contact information for M.K. Erkkila, L.C. as I'd like to request a summary of invoices billed and paid during 2016.
 - How long have you been using his services?
 - What is the process for getting new bids for services?

I know this list is rather daunting, but should be the last of what I need.

Thanks,
Dan

On Mon, Jun 5, 2017 at 2:03 PM, <csteele73@emerytelcom.net> wrote:

From: csteele73@emerytelcom.net [mailto:csteele73@emerytelcom.net]
Sent: Thursday, June 01, 2017 9:48 AM
To: 'danwagner@gmail.com'
Subject: Aspen Cove HOA Audit

Dave

Sorry it took me so long to get this information to you concerning the Audit requested by the Aspen Cove Home Owners Association.

I felt that it would be more appropriate for the President (Mark Page) to sign the engagement letter so he will be mailing that to you today. It will come separate as a soft copy.

As an attachment, I will provide the files that you have requested as much as possible. I took over the Treasurers duties at the first of the year. The only concern that I have with the items requested is the Bank Reconciliation report for the months requested. The association uses Quickbooks. The version in use only allows the Current and Previous Month to be recalled. My method is to print them at the time and file them with a hard copy in a binder. I therefore only have copies of the current year. Things are correct with the bank and have been completed in the software but cannot be recalled to the best of my knowledge.

The process for paying bills is that they are submitted to the board each month, discussed, included in the minutes and voted on for approval to pay. Passed and then paid by Mark Page (President).

We feel like the Treasurer (who receives and deposits the money) should not also have access to the account on the signature card. Therefore the President and one other member of the board are the ones that are allowed to sign checks and make payments. The signature cards are updated each time there is a change in the board membership that would necessitate the update.

The checkbook is retained by the Current President (Mark Page)

The deposit book is retained by the Current Treasurer, and it is his responsibility to collect fees, deposit and record the income and expenses in Quickbooks and update the Budget to keep in current.

After a bill has been processed, approved and paid, the copy then is provided to the Treasurer and filed.

Currently the only method of payment of fees and fines are by Check.

All transactions are recorded in the Quickbooks software and association computer.

6/8/2017

Mail - seastrandrandb@hotmail.com

The bank closes the month on the 10th of each month. The treasurer retrieves the statement online and makes sure that all is current, then reconciles the bank statement, prints a copy of the reconciliation and files it in the Association Bank Statement Binder.

Hope this answered are the questions, in the engagement email. If not, please feel free to contact me in any desired method, Email, Text or Telephone ([435-650-7000](tel:435-650-7000))

Please acknowledge receipt of this document and all pertinent files requested.

Thank you for your help and look forward to your conclusion in our behalf.

Curtis Steele

Treasurer/ Aspen Cove HOA