

**Audit Opinion Letter and Recommendations  
Independent Audit**

**To the Homeowners Board  
Rainbow Lakes West 3<sup>rd</sup> Addition Homeowners' Association**

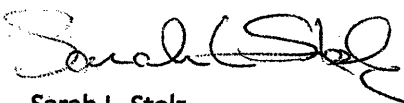
To the best of my ability, I have audited the books of the Homeowners' Association for the fiscal year beginning October 1, 2013 and ending September 30, 2014, with additional review of October and November 2014. Since this is a small non-profit organization, no formal audit is required.

My audit included examining, on a test basis, evidence supporting the deposits and withdrawals in the bank statements and debits and credits in individual homeowner's dues accounts. I believe that my review of the books and supporting documentation provides a reasonable basis for my opinion and recommendations.

My review of revenue received was two-fold. I first attempted to compare documentation of dues paid by homeowners to the deposits recorded in the bank statements. This review proved to be virtually impossible. Although there were copies of checks received, there was no link from those copies to the individual deposits made to the bank. My recommendation is that the deposit slip be stapled to the group of check copies that make up the deposit. This would provide a much clearer audit trail in the future. In addition, I conducted a random comparison of check copies to dues paid accounts for individual homeowners. All comparisons were accurate. There was one reimbursement of dues potentially overpaid to Shawn Hennings. The check number 1236 was dated November 18, 2014. A review of Shawn Henning's account revealed a note that 2013-2014 dues were potentially overpaid. I recommend that this overpayment refund be more clearly and completely documented with the information from the duplicated dues checks received.

My review of expenditures included a comparison of disbursements from the bank account documented in the bank statements to vouchers and invoices. I was unable to locate vouchers/invoices for check numbers 1227, 1228 and 1229. Also, there was a \$6 counter check indicated in the July 2014 bank statement with no supporting documentation. As a side note, check 1241 (voucher dated 12/14/13), to Randy's Tree Service appears to have never cleared, and there is no invoice attached to the voucher. Other than these discrepancies, all disbursements appear to have proper documentation provided. My recommendation is that the proper documentation for the anomalies be located and placed in the appropriate files.

My audit was conducted in order to form an opinion of the Rainbow Lakes West 3<sup>rd</sup> Homeowners' Association books as a whole. I believe that overall, the conduct of the business of the Homeowners' Association is sound. The recommendations I have provided will clear up some details and provide a cleaner audit trail in the future.



Sarah L. Stolz  
December 12, 2014