

Villa Monterey Improvement Association

2023 Annual Audit

Scottsdale, Arizona

**Performed by Judy Braun, Mike Lewis, Granger Macy,
and Carol Peterson
February 20, 2024**

Arizona Revised Statute (A.R.S.) §33-1810 requires the board of directors provide for an annual audit of an association's financial records within 180 days of the close of the association's fiscal year. Article V, Section 3 of the bylaws of the Villa Monterey Improvement Association (the Association) defines the fiscal year to be January 1 through December 31. The Association's bylaws do not indicate this audit be conducted by a CPA.

It is management's responsibility to prepare financial statements and to ensure internal controls. The auditor examines accounting records and internal controls on a sample basis. The job of the auditor is to verify the accurate, complete, and timely financial reporting of the treasurer's records and to recommend internal controls to further safeguard the association's assets.

The audit committee (the Committee), consisting of Judy Braun, Mike Lewis, Granger Macy, and Carol Peterson, conducted an audit of the Association's financial records for the fiscal year ending on December 31, 2023, on February 20, 2024.

The audit verifies the following:

1. TREASURER

- a) Julia Kerrigan was the treasurer for the 2023 fiscal year.

2. FINANCIAL TRANSACTIONS

- a) Cash Transactions
 - i) There were no checks made out to cash.
- b) Deposits
 - i) Deposit records are found online at Chase.com.
 - ii) The dates on the deposit slips match the bank statements.

- c) Paper Trail
 - i) The treasurer keeps receipts for reimbursements and uses an expense voucher system, which include:
 - (1) Payee's name
 - (2) A place for attaching receipts
 - (3) Date received
 - (4) Date paid
 - (5) Amount paid
 - (6) Method of payment (ACH, check #, etc.)
 - d) Other
 - i) Payments are timely.

3. FINANCIAL REPORTS

- a) The minutes reflect that financial reports are provided to the board of directors each month. In addition, financial reports are found on the Association's website: www.villamontereyone.org. These reports include monthly activity (income and expenses) and account balances for the operating and reserve funds.
- b) Report Format
 - i) Monthly financial reports include:
 - (1) The Balance Sheet (Statement of Financial Position for non-profits)
 - (2) Statement of Income and Expenses (Statement of Activities for non-profits)
 - (a) Actual income and expenses for the year
 - (b) Budgeted income and expenses for the year to date
 - (c) The differences between (2b and 2c above)
 - c) The end-of-year financial position reports presented to the board reflecting beginning and ending balances agree with the bank statements from all Association accounts at Chase Bank for the audit period.
 - d) No errors in the treasurer's financial reports are found.

4. ASSESSMENTS

- a) The treasurer maintains a journal dedicated to the payment of assessments containing all homeowners' names, contact information, amounts, dates paid, and balances due.
- b) The homeowner assessment journal indicates that all 2023 assessments were paid.
- c) The Committee finds no errors in the assessment journal.

5. RESERVE FUND ACCOUNTING

- a) The statements of financial position (the balance sheet) expressly designate a reserve fund account and an operating fund account.

- b) Monthly reserve fund reports are presented to the board and published on the website.

6. BUDGET

- a) The board adopted a budget for 2023 in January 2023, and the minutes reflect this. The annual budget is found on the Association's website: www.villamontereyone.org.
- b) The treasurer prepares and distributes monthly financial activity reports containing actual income/expenses vs. budgeted income/expenses.

7. TAX RETURNS

- a) Federal Form
 - i) Computer files for preparation of Federal and State 2023 tax returns were sent to CPA Howard Simon in February 2024. The returns had not been completed at the time of the audit.
- b) Arizona Corporation Commission
 - i) The Association's filing date for the 2023 fiscal year with the Arizona Corporation Commission is June 21, 2023, and the report was filed in a timely manner.
- c) The tax preparer for this fiscal year is Howard S. Simon, and the fee is \$399. Mr. Simon is a CPA, and he specializes in HOA tax returns.
- d) All tax returns and required annual reports for the state of Arizona were filed in a timely manner.

8. INSURANCE

- a) The Association carries insurance with State Farm Fire and Casualty.
- b) The insurance agent is Joy Estes, 8111 E. Thomas Rd, Ste 110, Scottsdale, AZ 85251-5876.
- c) Insurance premiums are paid on time, and the treasurer's records contain copies of the insurance policies.
- d) The current insurance policy is also found in "Board Materials" on the Association's website.

9. BANK SIGNATORIES

- a) Bank signatories for all accounts are up to date and are reflected in the minutes and found in "Board Materials" on the Association's website. The signatories are Julia Kerrigan, Judy Braun, and Rick Morine.
- b) The Association holds two accounts, savings and checking, at Chase.

10. OTHER

- a) The treasurer and the president have read and write privileges online for all accounts at Chase Bank.
- b) Bank deposits are insured in accordance with Article V, Section 2 of the bylaws (a minimum of \$100,000).

- c) A.R.S. §33-1810 requires an annual audit be performed within 180 days of the close of the fiscal year. An audit for 2023 was completed on February 20, 2024. The report can be found on the Association's website.

11. Recommendation: Attach digital copies of receipts for payments to QuickBooks entries.

UNQUALIFIED OPINION*

This audit finds no material discrepancies, and it is the audit committee's opinion that the reports produced by the treasurer and received by the board of directors and members accurately and completely reflect the true financial condition of the Association for the fiscal year 2023.

- An **unqualified opinion** is an independent auditor's judgment that the Association's financial records and statements are fairly and appropriately presented. An **unqualified opinion** is the most common type of auditor's report. This opinion does not indicate that the Association is in good economic health; it states only that the financial reports are transparent and thorough and do not hide important facts.