

## **The Park Homeowners Association**

### **Policy Regarding Annual Audit**

Per Section 8.6 of The Park Homeowners' Association Bylaws, "A compilation of the financial records of the corporation shall be made annually by a committee of three non-board member Park residents, and if they deem necessary, a public accountant, and a copy shall be furnished to each member not later than April 1 of the year following the year for which the report is made."

The HOA Audit Committee shall be appointed annually by no later than February 28<sup>th</sup>.

All files (maintained by the HOA Secretary and Treasurer) for the previous year shall be turned over to the Audit Committee by no later than May 1<sup>st</sup>. The following files shall be maintained:

1. Minutes of the HOA Board and the HOA Annual/Special Meetings (Retained for 15 years)
2. Monthly Financial Reports (Retained for 7 years)
3. Monthly Bank Statements (Retained for 7 years)
4. Accounts Receivable Reports (Retained for 7 years)
5. Accounts Payable Reports (Retained for 7 years)
6. Audit Committee Reports (Retained for 7 years)
7. A listing of all homes within The Park HOA and the current homeowner for that property. (Retained for 7 years and maintained by the Secretary/Treasurer on an ongoing basis)
8. Copies of homeowners' personal checks (for payment of dues) shall be shredded once they have been deposited. Copies of bank deposit slips, showing homeowner names/amount of payment, shall be maintained until completion of audit.

The Chairman of the Audit Committee shall be responsible for maintaining these files in the same order in which they were received and returning them to the current Board Secretary and/or Treasurer by no later than September 30<sup>th</sup>. Such files shall also remain available to the current Board (as needed for reference) during the audit.

The Audit Committee shall submit a written review of their findings to the current HOA Board for preliminary review by no later than September 30<sup>th</sup>. If there are questions regarding the previous year(s) financial records, the Audit Committee should contact the HOA Treasurer (who was in office during the year being audited) for clarification, prior to finalizing the Audit Committee's report.

The Audit Committee Chairman shall present the findings of their audit at the HOA Annual Meeting in December. A written copy of this report shall be signed/dated by all committee members and retained with the official HOA files.

The annual HOA Audit shall include, but not be limited to, the following items:

1. A review of the monthly financial reports.
2. A review of the monthly bank statements, including verification of deposits.
3. A review of Accounts Payable Reports that reflect quarterly payments of dues, those homeowners past due, current liens on property within the HOA, and letters sent to past

due homeowners. Verify that the current list of homeowners maintained by the HOA Secretary/Treasurer matches the billing list maintained by the company that provides accounting services for the HOA.

4. A review of checks issued for payments to insure that documentation for payment includes an invoice/receipt (prior to payment) and the purpose of the expense.
5. A review of contractual agreements to ensure that services were provided and paid for according to the agreement.
6. Verify that any expenditure over \$1,000 was a budgeted expenditure, approved by the members of the HOA in that fiscal year budget (as per Section 7.2.4 of the HOA Bylaws).
7. Verify that expenditures for the year did not exceed 105% of the budget for the prior year (Per Section 7.2.1 of the HOA Bylaws).
8. Verify that the Annual Tax Return required for non-profit organizations was filed for the previous year.

Approved by the HOA Board of Directors: July 13, 2015

Revised & Approved by the HOA Board of Directors: February 11, 2019