

**MOUNTAIN SHADOW ASSOCIATION, INC.
REVIEW OF FINANCIAL TRANSACTIONS**

For the Period

July 1, 2016 - June 30, 2017



EARLE W. TURNER, L.L.C.

Certified Public Accountants

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August 28, 2017

To Charma Daggett President
Mountain Shadows Association, Inc.
Cleveland, Georgia

I am pleased to present my report per my engagement letter dated August 28, 2017. I did not audit or review the financial statement and accordingly I do not express an opinion on them. However, I did review the financial transactions and noted certain violations (see schedule of notes attached).

None of the violations discovered suggested any suspicion of fraud but are not consistent with the guideline outlined by management in the "Year-end Review Check List".

I appreciate the opportunity to be of service to your association; if I can assist you in the future please let me know.

Sincerely,

Earle W. Turner-CPA, LLC

Mountain Shadows Association, Inc.

Check list for Year-end Review

Fiscal Year July 1 _2016_ through June 30 _2017_

<i>General</i>		Yes	No	Comments
1	Is a complete and current chart of accounts, listing all accounts and their respective account number maintained	x		
2	Is the accounting system using a double entry bookkeeping method	x		
3	Have 1099's been issued to all vendors not having an EIN number	x		No information was submitted
4	Have the findings of external audit been reported to the board	x		
<i>Budget</i>				
5	Is the budget approved by the board and members at a scheduled meeting	X		Same as previous year
6	Can any Treasurer's report be requested.	X		Same as previous year
7	Is the Treasurer's report presented to the Board in sufficient detail to inform the reader about the nature of various income and expense items compared to the budget monthly.	x		Same as previous year
<i>Cash Receipts and Financial Reports</i>				
8	Are there safeguards to protect the receipts from theft and misplacement and protected by a bond.	x		
9	Are the collection of receipts deposited weekly	x		
10	Are billing for annual assessments made for all lot owners. 384 lots times annual assessment \$730 = \$280,320	x		
11	Are late fees and other charges assessed in accounts receivables and then shown on P&L when received.	x		
12	Are other receipts from other sales and other charges properly accounted for and shown on P&L	x		
13	Is interest and other credit memo recorded when received	x		
14	Does Balance sheet show all liabilities and assests	x		
<i>Disbursements</i>				
15	Are all disbursement made by checks with two signatures	x		
16	Are all checks pre-numbered and used in sequence -List any used out of sequence.	x		
17	Is there a clearly defined approval process for all disbursement in the By Laws.	X		Same as previous year
18	Are void checks properly cancelled and stapled to check stub	x		

19	Are all checks made payable to specified payees and not to cash or to bearer	x		
20	Are all disbursement supported by original documentation - list missing documentation.	x		
21	Are all reimbursement forms totaled and verified against original documentation attached.	x		
22	Were any signing of blank checks found		x	
23	Was there any use of prohibited signature stamp or pre-printed signatures found.		x	
24	Does all supporting documentation accompany checks presented when checks are presented for signing and stamped paid.	x		
25	Are all accounts signers authorized by the board.	X		
26	Are all disbursements not approved by budget require board approval	X		
27	Where any use of electronic bank payments found.	x		Bank charges and check ordered

Bank Account Reconciliation

28	Do all bank accounts statements have reconciliation report attached showing it was reconciled within 10 days of receipt of bank statement	x		The following month. See notes
29	Does someone complete the bank account reconciliations other than the person who participates in the receipt and disbursement	x		Reconciliation not signed
30	Does the reconciliation procedures provide for:			
	(a) Comparison between the bank statement and cash receipts dates and amounts of deposits	x		
	(b) Investigation of all bank debit and credit memos	x		
	(c) Review of all checks outstanding more than 90 days and voided after 180 days	x		
	(d) Is the bank immediately notified of all changes of authorized check -signers	X		No information provided
31	Are all bank accounts included on financial reports monthly	x		
32	Are CD account balances updated Quarterly on financial reports	x		
33	Does the Board review the rates available upon renewal of CD's	X		No information provided
34	Is adequate insurance in force	x		
35	Is any borrowing or indebtedness authorized by the board	X		Not applicable

MOUNTAIN SHADOWS ASSOCIATION, INC.
NOTES ON REVIEW OF FINANCIAL TRANSACTIONS

NOTE 1

June invoice for Mountain Lake Water and Sewer Authority was not recorded. It was paid in July however it is a 2016-2017 bill that should be accrued and recorded as accounts payable. Amount should be recorded for the period served. Some invoices were not voided. See support checks 3811, 3848 and 4088. Also see Note 6 in previous report.

Retained earnings does not agree with the audit as of 06/30/2015. The amount of \$12,229 AJE 15-6 was recorded to revenue but should be charged to retained earnings. See note 2 line 4 in previous report.

No depreciation expense was charged for fiscal year 2016 and 2017

Bank accounts are reconciled but it is not sign off by anyone in the organization. This should be done monthly by an officer. June 2017 reconciliation was not completed.

No invoice is included for Waste Management for May 2017, June 2017 or October 2016.

Please Review:

Amount paid to K C Fuller & Associates, LLC check 3926 include a refund for taxes paid to IRS \$188 and the State of Georgia \$38 total \$226. However, check 3789 shows a payment to the IRS for the same amount. Please review.