

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

*Camnetar & Co., CPAs*  
a professional accounting corporation

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**

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**INDEPENDENT AUDITOR'S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Stonebridge Property Owners Association, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Stonebridge Property Owners Association, Inc. (a nonprofit organization), which comprise the statement of financial position—modified cash basis as of December 31, 2019, and the related statements of revenues, expenses and changes in net assets—modified cash basis, and cash flows—modified cash basis for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects the financial position of Stonebridge Property Owners Association, Inc. as of December 31, 2019, its revenue and expenses and changes in net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting.

***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Compensation, Benefits, and Other Payments to Agency Head* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the Stonebridge Property Owners Association Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stonebridge Property Owners Association Inc.'s internal control over financial reporting and compliance.

*Camnetar & Co.*

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

September 30, 2020

## **FINANCIAL STATEMENTS**

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS  
For the Year Ended December 31, 2019

	General	Security District	Total
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 36,142	\$ 203,055	\$ 239,197
NON CURRENT ASSETS			
Property and Equipment, net	-	43,501	43,501
TOTAL ASSETS	\$ 36,142	\$ 246,556	\$ 282,698
 <b>NET ASSETS</b>			
Net Assets Without Donor Restrictions	\$ 36,142	\$ 246,556	\$ 282,698
TOTAL NET ASSETS	\$ 36,142	\$ 246,556	\$ 282,698

The accompanying notes are an integral part of these financial statements.



STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS-MODIFIED CASH BASIS  
For the Year Ended December 31, 2019

	<u>General</u>	<u>Security District</u>	<u>Total</u>
<b>REVENUES</b>			
Parcel fees	\$ -	381,922	\$ 381,922
Membership dues	26,635	-	26,635
Vendor Refund	-	204	204
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	26,635	382,126	408,761
<b>EXPENSES</b>			
Direct Expenses			
Patrols and guards	-	301,565	301,565
Insurance	6,607	13,213	19,820
Maintenance and repairs	180.00	6,525	6,705
Network communications	-	5,098	5,098
Utilities	-	4,835	4,835
Depreciation	-	8,921	8,921
	<hr/>	<hr/>	<hr/>
Total Direct Expenses	6,787	340,157	346,944
Administrative Expenses			
Accounting	3,860	13,401	17,261
Beautification / Lawn maintenance	4,546	8,749	13,295
Gifts and donations	500	650	1,150
Legal fees	641	10	651
Miscellaenous	468	267	735
Night out against crime	-	2,630	2,630
Office supplies	211	45	256
Printing	1,989	185	2,174
	<hr/>	<hr/>	<hr/>
Total Administrative Expenses	12,215	25,937	38,152
	<hr/>	<hr/>	<hr/>
Total Expenses	19,002	366,094	385,096
<b>EXCESS OF REVENUES OVER EXPENSES</b>			
	7,633	16,032	23,665
<b>NET ASSETS AT BEGINNING OF YEAR</b>			
	28,509	230,524	259,033
<b>NET ASSETS AT END OF YEAR</b>			
	<u>\$ 36,142</u>	<u>\$ 246,556</u>	<u>\$ 282,698</u>

The accompanying notes are an integral part of these financial statements.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
For the Year Ended December 31, 2019

	General	Security District	Total
<b>Cash Flows from Operating Activities</b>			
Excess of Revenues over Expenses	\$ 7,633	\$ 16,032	\$ 23,665
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation	-	8,921	8,921
Net Cash Provided by Operating Activities	7,633	24,953	32,586
<b>Cash Flows from Investing Activities</b>			
Equipment purchases	-	(3,520)	(3,520)
Net Cash (Used) by Investing Activities	-	(3,520)	(3,520)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	7,633	21,433	29,066
Cash and Cash Equivalents, Beginning of Year	28,509	181,622	210,131
Cash and Cash Equivalents, End of Year	\$ 36,142	\$ 203,055	\$ 239,197

The accompanying notes are an integral part of these financial statements.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 – NATURE OF ORGANIZATION

The Stonebridge Property Owners Association, Inc. ( the Association) which was formed in 1982 was given authority, as a public body by Acts of the Louisiana Legislature, 1998, La. R.S. 33:9064 and by a contract with the Jefferson Parish Council, to aid in crime prevention and to add to the security of subdivision residents by providing for an increase in the presence of law enforcement personnel in the subdivision, located on the Westbank of Jefferson Parish, Louisiana.

The Board of Directors is constituted of at least seven (7) members elected by the members of the Association. Board members are not compensated.

The Association services all parcels located in the geographic area it serves.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation*

The accompanying financial statements of the Association have been prepared on the modified cash basis of accounting. Under that basis, revenues and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. However, the Association does record depreciation on its property and equipment. That basis differs from accounting principles generally accepted in the United States of America primarily because the Association has not recognized prepayment of expenditures or accounts payable to vendors and their related effect on net position in the accompanying financial statements nor do they recognize revenue when earned. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Parcel fees are recorded as received from Jefferson Parish.

*Use of Estimates*

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates. Significant items in these financial statements subject to such estimates is the calculation of depreciation expense and accumulated depreciation.

*Cash and Cash Equivalents*

The Association's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Functional Expenses*

The Association's Statement of Revenues, Expenses, and Changes in Net Assets-Modified Cash Basis reports the direct allocation of expenses based upon direct usage from the respective revenue source. The Association does not use the indirect method to allocate expenses.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Concentrations and Sources of Revenue*

The Association's revenue is derived from two sources homeowner association dues and parcel fees. The current level of operations and program services would be impacted if funding were not renewed.

*Income Tax Status and Uncertain Tax Positions*

The Association is exempt from Federal income tax under Section 501(c) (4). The federal and state tax returns of the Association are subject to examination by tax authorities for the years ended December 31, 2019, 2018, and 2017. All tax returns have been filed by the Association. As of December 31, 2019 management has evaluated the Association's tax position and concluded that the Association has taken no uncertain tax positions that require disclosure under the provisions of *Accounting for Uncertainty in Income Taxes* topic of the FASB Accounting Standard Codification.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Association maintains cash accounts at local financial institutions in demand deposit accounts.

Custodial credit risk is the risk that event of a bank failure, the Association's deposits may not be returned to it. The Association maintains cash accounts at local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. At December 31, 2019, the Association's cash balance in the bank was \$251,040 and exceeded the FDIC insurance by \$1,040. The Association has not experienced any losses in such accounts and management believes it is not exposed to any significant custodial credit risk.

The Association had no noncash investing and financing transactions for the year ended December 31, 2019.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation has been provided using the straight – line method over the estimated useful lives of the related assets, or lease terms, if applicable, which range from 5 to 15 years. Assets with a cost of \$1,000 are capitalized and depreciated. All equipment, land, and buildings acquired with property assessments are titled in the name of the Association. For the year ended December 31, 2019, depreciation expense was \$8,921.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment consisted of the following as of December 31, 2019:

	December 31 2018	Additions	Deletions	December 31 2019
Buildings and improvements	\$ 93,595	\$ -	\$ -	\$ 93,595
Machinery and equipment	162,606	3,520	-	166,126
Total depreciable assets	256,201	3,520	-	259,721
Less accumulated depreciation	(207,299)	(8,921)	-	(216,220)
Property and equipment, net	<u>\$ 48,902</u>	<u>\$ (5,401)</u>	<u>\$ -</u>	<u>\$ 43,501</u>

NOTE 5 – REVENUES

*Parcel Fees*

Parcel fee revenue is recognized when received, not when assessed by the Jefferson Parish Assessor. The residents of the special security district voted in December 2014 to extend the flat fee millage, which has an annual increase of 2.5%. The tax expires in 2024 unless a majority voters of the special security district vote to renew the assessment. Annually, the Jefferson Parish Council authorizes the Jefferson Parish Assessor to extend the tax millage rates for the Stonebridge Subdivision Special District to pay costs for annual security enhancements for each parcel in the district. There are 925 parcels in the subdivision special district. The per parcel fee for the prior, current and subsequent year are as follows:

2018 Parce Fee	\$ 409.63
2019 Parcel Fee	\$ 419.87
2020 Parcel Fee	\$ 430.37

*Membership Dues*

Annually, homeowners in the subdivision are invoiced \$40 membership dues which are due at the first of the year. Membership dues revenue is recognized when received.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 6 – PATROLS AND GUARDS

The Association has a contract with the Jefferson Parish council to utilize the parcel fee as noted in Note-5 above to provide security enhancement services within the geographical boundaries of the special security district and said geographical boundaries shall be considered Association's security coverage area. Within the contract the Association agrees to employ all public funds, facilities and equipment entrusted to its care only for providing said security enhancement services necessary and incidental for the operation of their respective area in accordance with applicable laws. This agreement shall be considered effective as January 1, 2017 and shall terminate on December 31, 2025.

The Association has no paid employees but does have contracts with the Weiser Security Services, Inc. for guard services at the entrances and with Jefferson Parish deputies for patrols. Amounts paid for these services for the year ended December 31, 2019 are as follows:

Guard services	\$ 215,466
Deputies for patrols	<u>86,099</u>
Total for Guards and Patrols	\$ 301,565

NOTE 7 - LITIGATION AND CLAIMS

At December 31, 2019, the Association was not involved in any litigation nor was the Association aware of any claims.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after September 30, 2020 have been evaluated for inclusion in these financial statements.

## OTHER SUPPLEMENTARY INFORMATION

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
 SCHEDULE OF COMPENSATION, BENEFITS, AND  
 OTHER PAYMENTS TO AGENCY HEAD  
 For the Year Ended December 31, 2019

Board Member	Position	Compensation
Dawn Peterson	President	\$ -
Paul Leman	Vice President	\$ -
Regina LaCaze	Treasurer	\$ -
Richard Blackman	Member at large	\$ -
Rachel Fleetwood	Member at large	\$ -
Ben Bourgeois	Member at large (resigned)	\$ -
Carina Zeremo	Secretary (resigned)	\$ -
Gil Arevalo, Jr.	Secretary (resigned)	\$ -
Karen Doyle	Secretary (resigned)	\$ -
Norwood Norris	Member at large (Term ended in 2019)	\$ -

Board Member	Position	Reimbursements
Dawn Peterson	President	\$ 109.25 Meeting supplies
Paul Leman	Vice President	\$ 100.16 Meeting supplies



**COMPLIANCE AND INTERNAL CONTROL SECTION**

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of  
Stonebridge Property Owners Association, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Stonebridge Property Owners Association, Inc. (a nonprofit organization), which comprise the statement of financial position-modified cash basis as of December 31, 2019, and the related statements of revenues, expenses, and changes in net assets-modified cash basis, and cash flows-modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stonebridge Property Owners Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stonebridge Property Owners Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of in Stonebridge Property Owners Association, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2019-1 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stonebridge Property Owners Association Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted certain matters that we reported to the management of Stonebridge Property Owners Association, Inc. on a separate letter dated September 30, 2020.

**Stonebridge Property Owners Association, Inc.'s Response to Findings**

Stonebridge Property Owners Association, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Stonebridge Property Owners Association, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Camnetar & Co.*

Camnetar & Co., CPAs  
a professional accounting corporation

Gretna, Louisiana  
September 30, 2020

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended December 31, 2019**

We have audited the modified cash basis financial statements of the Stonebridge Property Owners Association, Inc. as of and for the year ended December 31, 2019, and have issued our report thereon dated September 30, 2020. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the modified cash basis financial statements as of December 31, 2019, resulted in an unmodified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements.**

Internal Control

Material Weaknesses  Yes  No

Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

Was a management letter issued?  Yes  No

**b. Federal Awards**

Stonebridge Property Owners Association, Inc. did not expend federal awards exceeding \$750,000 during the year ended December 31, 2019, and therefore is exempt from the audit requirements under the Uniform Guidance.

**Section II Financial Statement Findings**

**A – Issues of Noncompliance**

None

**B – Significant Deficiencies**

2019-1 Preparation of Financial Statements by Auditor

*Condition and Criteria:* The Association does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with the modified cash basis of accounting. As is common in small organizations, the Association has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, due to the cost constraints of acquiring the ability to prepare the financial statements in accordance with the modified cash basis of accounting.

*Cause:* Statement of Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. SAS 115 does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended December 31, 2019**

**Section II Financial Statement Findings (Continued)**

**B – Significant Deficiencies (Continued)**

2019-1 Preparation of Financial Statements by Auditor (Continued)

*Effect:* The Association engages the auditor to prepare its annual financial statements.

*Recommendation:* Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. We do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, we do not believe any corrective action is necessary

*Management's Response:* Can be found on page 19

**C – Material Weaknesses**

None

**Section III – Management Letter**

2019-2 General Ledger Accounting System for Financial Reporting

*Criteria:* Financial reporting is the primary tool used by management to monitor income and expenditures and to make decisions. The Association is accountable for the manner in which funds are spent. It is essential to monitor actual progress against the budget (financial plan for the year) to ensure that the desired fiscal result will be achieved. An accounting system should be maintained that provides timely information and an accurate picture of the municipality's financial condition.

*Condition:* The Association does not have an accounting system that can produce budget to actual financial information. The Association's Quicken accounting system should be upgraded to allow for financial statements to generated unlike the categorized bank account activity reports that are currently generated

*Cause:* Quicken software is primarily used for personal expenses and not for small entities.

*Effect:* The Association cannot produce from the current software basic financial statements and compare those to budgeted figures.

*Recommendation:* The Association should upgrade their current accounting system.

*Management's Response:* Can be found on page 19

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended December 31, 2019**

**Section III – Management Letter (Continued)**

2019-3 Disbursements Approval Process

*Criteria:* Approval verification by the purchaser and a board member that documentation is present to support the payment and the amount owed is correct. The invoice must be attached with the purchase order and receiving report and be provided for review/approval before the disbursement is made. Approval should be signed and dated by the purchaser and a board member prior to disbursement by the bookkeeper.

*Condition:* Invoices are not documented with approval verification by the purchaser and a board member.

*Cause:* Checks have two signatures of board members, however invoices do not demonstrate an approval.

*Effect:* The Association does not have supporting documentation for approval of invoices.

*Recommendation:* The Association should document all disbursements with original signatures of two individuals the purchaser and board member approval.

*Management's Response:* Can be found on page 19

2019-4 Disbursements – Original Invoice

*Criteria:* Disbursements should be paid on an original invoice.

*Condition:* Disbursements for the directors and officers liability insurance premium were not paid from an invoice but from an email.

*Cause:* Disbursements paid from request for payment via email not from an original invoice.

*Effect:* The Association does not have supporting documentation for disbursements supported by an original invoice.

*Recommendation:* The Association should document all disbursements with original invoice.

*Management's Response:* Can be found on page 19

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**For The Year Ended December 31, 2019**

**Section I – Internal Control and Compliance Material to the Financial Statements**

None

**Section II - Financial Statement Findings**

**A – Issues of Noncompliance**

None

**B – Significant Deficiencies**

2018-1 Preparation of Financial Statements by Auditor

*Condition and Criteria:* The Association does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with the modified cash basis of accounting. As is common in small organizations, the Association has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, due to the cost constraints of acquiring the ability to prepare the financial statements in accordance with the modified cash basis of accounting.

*Unresolved.*

**C – Material Weaknesses**

None

**Section III – Management Letter**

2018-2 General Ledger Accounting System for Financial Reporting

*Condition and Criteria:* Financial reporting is the primary tool used by management to monitor income and expenditures and to make decisions. The Association is accountable for the manner in which funds are spent. It is essential to monitor actual progress against the budget (financial plan for the year) to ensure that the desired fiscal result will be achieved. An accounting system should be maintained that provides timely information and an accurate picture of the municipality's financial condition. The Association does not have an accounting system that can produce budget to actual financial information. The Association's Quicken accounting system should be upgraded to allow for financial statements to be generated unlike the categorized bank account activity reports that are currently generated.

*Unresolved.*

2018-3 Disbursements – Original Invoice

*Condition and Criteria:* Disbursements should be paid on an original invoice. Disbursements for the bookkeeper were not paid from an invoice.

*Resolved.*

**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**For The Year Ended December 31, 2019**

**Section III – Management Letter (continued)**

2018-4 Disbursements Approval Process

*Condition and Criteria:* Approval verification by the purchaser and a board member that documentation is present to support the payment and the amount owed is correct. The invoice must be attached with the purchase order and receiving report and be provided for review/approval before the disbursement is made. Approval should be signed and dated by the purchaser and a board member prior to disbursement by the bookkeeper. Invoices are not documented with approval verification by the purchaser and a board member.

*Unresolved.*



**STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For The Year Ended December 31, 2019**

2019-1 Preparation of Financial Statements by Auditor

The Association's bookkeeping staff and board members are familiar with the day-to-day accounting requirements and the monthly cash basis reporting requirements; however, due to limited staffing and funding we do not consider it practical to provide sufficient training to our staff to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

2019-2 General Ledger Accounting System for Financial Reporting

Management will explore the options of implementing a new accounting system for financial reporting within the volunteer and budget constraints of the Association.

2019-3 Disbursements Approval Process

Management will develop new procedures to ensure all disbursement documentation is evidenced by two signatures for approval prior to check signature.

2019-4 Disbursements – Original Invoice

Management will develop new procedures to ensure all disbursement documentation is evidenced by original invoice for approval prior to check signature.