

Belews Landing Homeowner Association Inc.
Audit Committee Report
For Fiscal Years 2020, 2021 and 2022

June 13, 2023

Board of Directors & Residents
Belews Landing Homeowner Association Inc.
Stokesdale, NC

We have reviewed the financial records for the Belews Landing Homeowner's Association Inc. for the fiscal years ended December 31, 2020, 2021 and 2022. We developed our procedures to confirm the accuracy of the financial reports and to confirm the validity of the reports by examining supporting documentation of the revenue and expenses, bank accounts and bank loans. We also reviewed the internal controls to obtain an understanding of the procedures used for the financial reporting and to evaluate for any weaknesses in the internal controls.

Summary of Audit Procedures and Findings

- Interview treasurer and president to obtain the procedures used to perform the financial functions.
Finding
There is a weakness in internal controls regarding the duties of the treasurer as the treasurer is performing all of the duties of receiving/opening mail, depositing receipts, recording receipts, reconciling bank statements, and paying all expenses.
- Prepare historical analysis of all accounts to determine any unusual fluctuations.
Finding
All fluctuations were explained by expectations or by examination of the records.
- Review bank reconciliations for accuracy and agreement with the bank statement and the financial statements.
Finding
Bank reconciliations were prepared using the general ledger/excel spreadsheet but no separate, formal reconciliation is prepared.
- Trace reconciled balances at December 31 to the financial statements.
Finding
All reconciled balances agreed with financial statements within acceptable amounts.
- Review list of outstanding accounts and compare to financial statements.
Finding
All accounts were paid in full by December 31 of each year except 2019 when two Roads and Gates accounts were not collected until 2020.

- Obtain loan documents and verify that the payment amounts were correct.
Findings
All loan payments agreed with bank loan documents.
- Review treasurer's revenue spreadsheet. Verify that all lots are listed and dues are listed for each lot. Prepare an estimate of expected dues revenue based on the number of lots and the amount of annual dues. Trace the total dues revenue for all lots to the financial statements.
Findings
All revenue received was within acceptable ranges of the estimated revenue computed. Two residents received a refund in the amount of \$200 each for part the 2022 annual dues. No board approval could be found for the refund. This was discussed with the current president and treasurer who immediately took action to rectify the situation. It was found that the 2022 Board of Directors did request reimbursement back from the residents which was received and deposited on May 5, 2022.
- Obtain clubhouse rental reports and compare revenue to deposits into the operating account.
Findings
All rental revenue was traced to the bank and financial reports. It was noted that some of the deposits were several months after collection.
- Compute estimated revenue for the pool/clubhouse assessment to purchase common areas from the developer. Compare the estimate to actual revenue collected as reported in the financial reports & bookkeeping worksheets.
Findings
Actual revenue was within acceptable amounts of the estimated revenue.
- Scan all bank statements for any unusual or inappropriate cancelled checks.
Findings
No unusual or inappropriate checks or debits were noted.
- Select a random sample of checks and obtain the supporting documentation to compare the amounts and payee with the check.
Findings
All checks examined were supported by adequate documentation.
- Trace all transfers between bank accounts to confirm receipt.
Findings
All transfers were received by the corresponding bank account.

Recommendations

- Increase internal controls by designating an individual to receive/open the mail, deposit receipts and prepare adequate documentation for the treasurer to record revenue.
- Prepare a bank reconciliation separate from the general ledger.
- All neighborhood individuals, including board members, deposit any receipts with appropriate officers or the bank within a 30-day period.
- The board of directors approve all dues adjustments. Article IV, Section 2(b) of the Belews Landing CCRs states:
“as all monies which any Owner has paid to the Association shall be nonrefundable and shall constitute an asset of the Association which may be used in the operation and management of the Properties.”
- While all of the treasurer’s documentation was very detailed, there is no formal balance sheet that would include the purchase price of all property and the balance of all outstanding loans as well as an equity section that includes Net Assets. A complete set of financial statements would help prevent errors in recording transactions and provide a record of all property for future years.
- The board of directors obtain an audit of the financial records every two years as required by Article IV, Section 12 of Belews Landing CCRs.

This report is respectfully submitted by the Belews Landing Homeowner Association Inc. Audit Committee Members:



Patricia Hefner



Julia Kinlaw