

January 12, 2026

SIVHOA REVIEW OF 2025 FINANCIAL ACTIVITY

An internal review of the 2025 financial activity of the San Ignacio Homeowners Association was performed on January 12, 2026 by Lorri Ague, Lisa Warner and Judy Zabicki, members of the SIV HOA audit committee. Also in attendance was SIVHOA Manager and newly appointed Treasurer, Terri Brown for questions and not part of the audit committee.

SCOPE

The scope of the effort included a review of the Association's 2025 bank and investment account statements and their reconciliation to the financial records maintained by the Treasurer.

Secondly, a review of specific deposit and disbursement transactions recorded on bank statements as to their purpose and legitimacy.

Thirdly, included checks written and the supporting documentation for each,

Finally, discussions were held regarding current financial and cash handling practices of the Treasury function to identify possible areas for more secure and transparent stewardship of HOA financial resources.

LIMITATIONS OF REVIEW

It should be noted that the present committee does not have members who possess CPA licensure but do have relatable accounting experience to fully perform the internal review. Lorri has a professional background in Education and Lisa has a BA in accounting and an MBA in Finance and is very experienced in accounting practices and audits. She has worked in this field her entire career. Judy has a government background and has worked with budgets and audits both in government and non profit realms.

This review was not exhaustive or comprehensive and did not include a complete examination of all transactions and records maintained by the previous Treasurer for 2025.

OBSERVATIONS

Based on our limited review, we believe the Treasury function was being handled in a competent manner and that the Treasurer was doing a proficient job of controlling the Association's financial activity.

No malfeasance or misappropriations of funds were identified. Financial records are maintained by month and appear to be in good order with adequate documentation. Monthly financial records balanced with bank account statements for deposit accounts and monthly investment amounts agreed with investment statements.

As stated in prior "audit letters" to the Board we are presenting this letter in the spirit of service to our SIV community. Hopefully, it will be received in a similar manner.

Our SIV community is financially strong because of all the volunteers who have contributed their time and talent over the years to keep us solvent.

Respectfully submitted,
Lorri Ague, Lisa Warner & Judy Zabicki

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To: SIVHOA BOARD OF DIRECTORS

RECOMMENDATIONS/SUGGESTIONS

Resulting from our discussions related to “best practices” we offer the following suggestions for future improvements. Typically, effective control over cash activities is best realized with practical approaches that emphasize separate responsibilities and dual control involving more than one individual. However, this can be difficult to achieve with a small organization without creating undue expense or inefficiencies. However, in such cases one must adhere to strict guidelines and policies.

A review of last years recommendations, along with presenting this years recommendations follows:

YEAR 2024:

- 1) Cash funds collected and disbursed for social activities within the SIV community should not be commingled with HOA funds. A separate local non-profit bank account could be opened for this purpose. This would eliminate the need for the use of personal bank accounts for expense reimbursement to members for social events and activities. The account could be maintained jointly by the chair of the Social Committee and a Board member.
This was last year’s recommendation and was followed by the board!
- 2) Transparency is always an important feature of an effective Treasury function to engender trust within the HOA community. Here are some suggestions for improvement:
 - a) Consideration should be given to requiring reimbursements to the Treasurer be signed/approved by another officer of the Board.
This recommendation was not followed by the board.
 - b) Current compensation arrangements for the property management or secretarial functions should be reviewed by the Board. This is especially relevant with the recent decision to move this responsibility to another individual.

This recommendation needs to be reviewed now that all control has been transferred to a new manager/treasurer. Note #5 below.

- c) Review of the by-laws for the role of the Audit Committee should be considered as they may no longer be relevant. This may be also true for the roles of Treasurer and Secretary.

This recommendation was not reviewed and still needs to be considered.

- d) Contracts for compensation or arrangements that use HOA funds should be accessible for review by SIV members.

This recommendation was not reviewed and needs to be considered.

YEAR 2025:

- 1) A termination letter from Reliable Secretary Services RSS was not located and needs to be filed on record.
- 2) The board needs to get 3 New Bids for Landscaping, Weed Control & Tree Services. All service contracts should have a yearly bid review consisting of at least 3 bids and approved by the board. They should all be incorporated into one contract. \$78,000 + is an extremely high amount for our size neighborhood. This is just doing our due diligence for our residents.
- 3) Separate the Social Committee out of the Treasurers Report. The Bank Account is now separate, the reporting needs to be also. This is not a board committee. Quarterly reports should be submitted to the HOA secretary for record keeping and filing but not incorporation into the HOA financials.
- 4) The Investment Contract should be reviewed to see that we are getting the best investment oversight for our banking. The board should contact 3 firms and go through the same process as noted in #1.
- 5) The board needs to review the contract with Two Gems Secretary Services to have all new homeowners onboarded and all paperwork received. The contract should also be reviewed to have the telephone & internet included instead of a separate expense.
- 6) Bad check banking fee needs to be charged back to the homeowner. Review policy regarding above and also hardship on dues payment.
- 7) We incurred Overdraft fees. Why wasn't the money moved prior to incurring these fees? This shouldn't happen. The committee recommends timely money transfers to avoid additional unnecessary costs.
- 8) Is there a Policy regarding the reserve fund? Operational expenditure checks should not be written out of the reserve fund. A Note should be written in the sideline explaining the amount overbudget.

- 9) The board should look into electronic banking. Homeowners should be given this option and any extra fees would be paid by the homeowner for the convenience.
- 10) The Social Committee should handle the Annual Meeting, food, refreshments etc.
- 11) Even when an expenditure will create a budget overage, it should be Recorded appropriately (proper line item) as not demonstrated during 2025.
- 12) To ensure accurate financial reporting, reported financial numbers must be verified and reported accurately. This not only reflects inaccurate internal financial reporting to our members but also what is reported to the IRS on the tax return. Accurate cash balances is critical due to our HOA being a cash basis entity.

Respectfully submitted,
Lorri Ague, Lisa Warner & Judy Zabicki