

SUN CITY ANTHEM MERRILL RANCH HIKING CLUB

ANNUAL AUDIT

AS OF DECEMBER 31, 2017

Pursuant to Article IV, Section C of the Hiking Club Bylaws as amended on April 10, 2012, the annual audit was conducted by club members, Mike Walker and Ken Walters on January 18, 2018.

Procedures

1. The bank reconciliations were reviewed, with no exceptions being noted.
2. All deposits and a random sampling of expenditures were traced to the financial reports with no exceptions being noted.
3. A random sampling of expenditures were traced to the underlying invoices with no exceptions being noted.
4. Deposits and expenditures were compared with the approved budget and significant variances were reasonably supported.
5. A review of the Hiking Club Bylaws and amendments thereto was accomplished.
6. A review of the current administrative holdings of the Sun City HOA files was accomplished in order to establish that all pertinent documents required by the HOA Bylaws have been submitted by the Hiking Club.

Findings

1. The financial records correctly represent the Hiking Club's financial position as of December 31, 2017.
2. The transactions for calendar year 2017, have been properly reported.

3. In our report dated March 10, 2017, we recommended that the club Bylaws be amended to increase the \$25 amount to a more workable value and that a dual signatory process based on the value be established. Subsequent to our report, it was determined that the \$25 requirement was removed from the Bylaws so that no dual signature requirement currently exists. We have been advised that the Bylaws are currently undergoing a complete revision, which will include a revised dual signature requirement.
4. ARTICLE V, Section D of the Hiking Club Bylaws requires that an annual inventory of the Club's durable assets shall be accomplished and a copy of the inventory will be provided to the Association. Subsequent to our 2017 report, an inventory was conducted and the results were furnished to the Association in accordance with our recommendations.
5. Our 2017 report found that the existing system for recording cash did not provide sufficient documentation. We were advised at the time by the Treasurer, Larry Juhl that Pay Pal was being studied for possible implementation. We recommended that alternatively a simple receipt based system be instituted. We have been advised that Pay Pal is currently now under "active" consideration. As an interim measure, a new dues reconciliation report has been adopted while Pay Pal is researched.

RECOMMENDATIONS

1. Reference finding, Item No. 3 above: Increase the established \$25 value to a more workable value and establish a dual signatory process to support that process.
2. Reference Finding, Item No. 5 above:
 - (a) Perform continued research into the Pay Pal system as to the cost, technical aspects, and the ultimate impact on the Hiking Club budget.
 - (b) Perform a written survey of the Club membership to assess the overall opinion of using Pay Pal.

(c) If the Pay Pal system is not acceptable or there are excessive additional costs involved in using the system establish a simple receipt based system.

3. Update the Sun City Anthem Hiking Club Handout (in the club display) and the Membership Form to reflect the new annual dues rate and other miscellaneous information.
4. Publish the revised ByLaws at the earliest possible date.

CONCLUSION

The Sun City Hiking Club Financial records are acceptable as noted and are hereby certified by the undersigned Hiking Club members.

Mr. Larry Juhl has performed his function as the Club Treasurer during the past year and his entire term in an excellent manner. He has always been knowledgeable and well informed on all aspects of the applicable Bylaws. Larry is passing on his knowledge and his well established system to the newly elected Treasurer Bill Brown.

The undersigned are available if the Hiking Club Executive Committee should have any questions or desire additional information.

Ken Walters

Mike Walker