

AUDITS

"What are the Audit requirements for Quivira Falls?"

"The By-Laws do not require an Audit to be performed. Why is that?"

The By-Laws require that the Treasurer "recommend" to the Board that an annual audit examination of the Association's financial books and records by a certified public accountant at the completion of each fiscal year. The Declaration of Covenants "requires" an annual audit at the completion of the fiscal year.

"Why was an annual audit not performed between 1999 and 2008?"

There is no definitive answer to that question. It has been told that the then current Board felt it was not required, they didn't want to, and/or the funds to perform an audit were not available. A definitive answer is not possible. The best the Board can and will do is to accept the lack of audits for those years and to follow the Covenant's requirement for annual audits going forward.

"Why has no audit been performed since the Board of Directors changed in July 2008?"

Within a month of the change in the Board of Directors in July 2008, the new Board began the process of scheduling an audit as required by the Covenants.

A CPA firm was approached in early August 2008 to perform an audit. It was determined by the CPA firm that the financial information of the Association was in such disarray and incomplete that an accurate audit for the missing years would be either impossible or extraordinarily expensive. It was therefore determined that a "Special Engagement Review" would be performed for the then fiscal year of July 01, 2007 thru June 30, 2008. This review took six weeks and examined the financial and personnel aspects of the Association. The finished Review, published in September 2008, cited generally sloppy bookkeeping, poor fiscal and financial controls, and poor to non-existent oversight. However, it found no outright indications of fraud or malfeasance. The "Special Engagement Review" is available for viewing in the Quivira Falls office.

In addition to this Special Engagement Review there was a six month audit for July, 2008 through December, 2008. Complete annual audits have been performed for every fiscal/calendar year from 2009 onward. In order to save money these audits are performed after the tax season and published with the annual report in June.

In the Fall of 2008 the fiscal year was changed to align with the calendar year. It previously ran from July 01 through June 30 of each year.