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HOA Financial Review Report

Washington Lane HOA Board – Phases I - VI
Review Period: 2023–2024

Prepared by: Rachelle Harp, CPA
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Independent Accountant's Review Report

To the Board of Directors
Washington Lane HOA Board – Phases I thru VI
Broken Arrow, OK

We have reviewed the accompanying financial information of Washington Lane HOA Board – Phases I thru VI (the "Association"), which comprises the related financial activity and reporting for the years ended December 31, 2024 and 2023, and the related notes and supporting schedules as provided by the Association.

Management is responsible for the preparation and fair presentation of this financial information in accordance with the Association's governing documents and the accounting practices used by the Association.

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA, and to express a conclusion based on our review.

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial information as a whole. Accordingly, we do not express such an opinion.

A review consists primarily of applying analytical procedures to management's financial data and making inquiries of management. A review includes obtaining an understanding of the Association's internal control, but does not include testing of accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or examination of source documents. Therefore, we do not express an opinion or provide audit-level assurance on the financial information.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial information in order for it to be in conformity with the accounting practices used by the Association.

Rachelle Harp, CPA

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Rachelle Harp CPA, PLLC
Broken Arrow, Oklahoma
February 13, 2026

Review Summary and Governance / Internal Control Observations

1. Purpose and Scope of the Review

This review was performed to provide limited assurance regarding the financial information of the Association for the years ended December 31, 2024 and 2023, based primarily on analytical procedures and inquiries of Association leadership and personnel. In addition, we reviewed governance practices, reserve structure, cash processes, assessment billing practices, expense documentation, and internal control considerations typical in volunteer-led HOA environments.

2. Summary of Overall Results

Overall Governance Risk Rating: LOW

The Association demonstrates strong Board governance practices, including current Board roster and officer roles, regular meetings and maintained minutes, documented approvals for budgets, contracts, and reserve expenditures, and Board involvement in oversight of financial activity.

The Association experienced a reporting transition during the review period, including management company involvement beginning in late 2023 (Robson Property) and termination of the management relationship in 2024 followed by internal spreadsheet tracking. This transition created periods where reporting format and reconciliation methods varied. Based on procedures performed, the Association's tracking appears reasonable; however, formal financial statement presentation can be strengthened for clarity, continuity, and Board reporting consistency.

3. Governance Review Results

The governance review included evaluation of governing documents, Board authority and approvals, financial oversight processes, policies and procedures, continuity and transition risk, and transparency/member communication.

Strengths Observed:

- Governing documents obtained and appear current
- Officer roles defined and consistent with governing documents
- Board meetings held regularly; minutes maintained
- Financial approvals documented in minutes
- Reserve expenditures approved by the Board
- Major contracts approved by the Board
- Bank reconciliations completed
- Members receive periodic financial updates

Governance Policy Gaps Identified:

- Reserve usage policy

- Conflict of interest policy
- Record retention policy
- Treasurer transition procedures
- Backup personnel identified for key roles

Recommendation: Implement simple 1-page Board-approved policies and store them centrally with governing documents.

4. Financial Statement Review Results

The review noted that formal financial statement packages were not consistently prepared in a standardized format across all months of the review period. For portions of 2023 and 2024, reporting was performed through management company packages and later through internal spreadsheet reporting maintained by the HOA.

For September through December 2024, formal balance sheet and profit and loss statements were not consistently prepared as standalone financial statement reports, though bank activity and spreadsheet reporting were maintained.

Recommendation: Implement a standardized monthly reporting package consisting of a Balance Sheet, P&L, Budget-to-Actual, cash reconciliation summary, and reserve schedule.

Comparative reporting (prior month/prior year) was not consistently available. Recommendation: Add comparative columns to monthly reporting.

Budget-to-Actual reporting was limited for 2023 and available in 2024 through internal spreadsheet tracking. Recommendation: Produce and retain a monthly variance report.

5. Cash & Banks Review Results

Five bank accounts were identified during the review period: Bank of America Checking (7015), South State Checking (3645), South State Reserve (3648), Bank of America Advantage Checking (1424) opened 8/19/2024, and Bank of America CD (8520) opened 8/19/2024 with maturity 8/25/2026.

Reconciliations were prepared throughout the review period. For September through December 2024, reconciliation differences were attributed to timing differences (outstanding transactions clearing in subsequent months). These differences were reviewed and supported.

Recommendation: Maintain a monthly reconciliation summary showing ending bank balance, outstanding checks/deposits in transit, book balance, and documentation of timing items and clearing month.

6. Reserves Review Results

The HOA is currently treating the 12-month flexible CD as the reserve account. As of 01/01/2025, the reserve balance was observed at approximately $28,830.75.

For an HOA with approximately $100,000 in annual dues, reserve balances commonly range between 20%–30% ($20,000–$30,000), or 30%–50% ($30,000–$50,000) depending on community age and asset condition. Based on this benchmark, the reserve balance appears reasonable, assuming no significant near-term capital obligations.

Recommendation: Implement a formal reserve schedule, adopt a reserve usage policy, and consider obtaining or updating a reserve study.

7. Assessments Review Results

Assessment rates were confirmed as 382 homes at $230 per year in 2023 and 382 homes at $253 per year in 2024 and $278 per year in 2025 (approximately a 10% increase). The increase appears reasonable.

Billings are mailed for the upcoming year. Second notices are sent if payment is not received. Interest is charged on delinquent accounts and liens are placed when necessary.

Delinquency aging was maintained through the management company system and later through manual spreadsheet tracking.

Recommendation: Maintain centralized delinquency tracking and retain documentation of notices, interest, and lien activity.

8. Expenses Review Results

In 2023, supporting invoice/receipt documentation was missing for many routine expense items, particularly utilities, insurance payments, and USPS purchases. Meeting minutes indicate Board approvals were documented for contracts and significant expenditures in both 2023 and 2024.

Recommendation: Adopt an expense documentation policy and perform quarterly or semi-annual spot checks.

9. Internal Controls Review Results

The Association is intended to have two signers on checks. However, it was observed that the same individual completing manual reconciliations is also involved in payment receipt and processing for the organization. This represents a segregation of duties gap.

Recommendation: Implement compensating controls such as monthly second-review signoff of reconciliations, dual approvals for non-routine disbursements, controlled system and bank access, and adoption of conflict of interest and record retention policies.

10. Findings & Recommendations Summary

Area	Finding	Risk	Recommendation
Governance	Missing key written policies (reserve usage, conflict of interest, record retention, transition procedures)	Moderate	Adopt 1-page Board policies and store centrally
Financial Reporting	Formal monthly financial package not consistent across all periods	Moderate	Standardize monthly Balance Sheet/P&L/Budget-to-Actual package
Financial Reporting	Comparative reporting not available	Moderate	Add prior year/prior month comparisons
Budgeting	Budget-to-actual reporting inconsistent	Moderate	Produce monthly variance report
Cash & Banks	Sep–Dec 2024 differences due to timing items	Low–Moderate	Monthly reconciliation summary with timing item list
Reserves	CD functions as reserves; reporting informal	Moderate	Reserve schedule + reserve usage policy + reserve study consideration
Assessments	Delinquency tracking shifted from system to manual spreadsheet	Low–Moderate	Centralize delinquency log + retain notice documentation
Expenses	Missing receipts/invoices for routine expenses in 2023	Moderate	Expense documentation policy + periodic review
Internal Controls	Limited segregation of duties	Moderate	Compensating controls: second review + dual approvals

11. Board Action Plan Recommendations

Immediate (0–30 days):

• Adopt Conflict of Interest Policy, Record Retention Policy, Reserve Usage Policy, and Expense Documentation Policy

• Implement monthly reconciliation second-review signoff

• Centralize financial records storage

Short-Term (30–90 days):

• Standardize monthly reporting package (Balance Sheet, P&L, Budget-to-Actual, Reconciliation Summary, Reserve Schedule)

• Create Treasurer Transition Binder (digital)

Annual / Ongoing:

• Approve annual budget in meeting minutes

• Provide annual member financial summary

• Review reserve adequacy annually; consider reserve study updates

Signature Block

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