
NISQUALLY PINES COMMUNITY CLUB
A Washington Not For Profit Corporation

Financial Statements

For the Years Ended September 30, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors
Nisqually Pines Community Club
Yelm, WA

Opinion

We have audited the financial statements of Nisqually Pines Community Club (the Club), which comprise the balance sheets as of September 30, 2023 and 2022, and the related statements of revenues and expenses, changes in fund balances, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as of September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Club and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements as detailed in the notes to the financial statements in the note titled Future Major Repairs & Replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024, on our consideration of the Club's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Club's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

March 20, 2024

Montesano, Washington

NISQUALLY PINES COMMUNITY CLUB

BALANCE SHEET

As of September 30:	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 374,587	\$ 1,082,500
Cash-Restricted For Future Major Repairs	1,043,684	964,891
Cash-USDA Loan	100,264	80,137
Cash- Emergency Fund	20,346	20,346
Accounts Receivable-Net	25,857	48,654
Prepaid Expense	10,569	9,714
	<u>1,575,307</u>	<u>2,206,242</u>
Fixed Assets		
Improvements & Equipment	6,606,124	6,565,230
Less: Accumulated Depreciation	(4,124,077)	(3,877,664)
	<u>2,482,047</u>	<u>2,687,566</u>
Other Assets		
Restricted Investments	217,836	219,051
	<u>217,836</u>	<u>219,051</u>
Total Assets	\$ <u>4,275,190</u>	\$ <u>5,112,859</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued Payables	\$ 72,417	\$ 83,764
Current Portion Long Term Debt	64,835	52,843
	<u>137,252</u>	<u>136,607</u>
Non-Current Liabilities		
Notes Payable-Net of Current Portion	913,426	1,827,942
	<u>913,426</u>	<u>1,827,942</u>
Total Liabilities	<u>1,050,678</u>	<u>1,964,549</u>
Equity		
Fund Balance	3,224,512	3,148,310
	<u>3,224,512</u>	<u>3,148,310</u>
Total Liabilities and Equity	\$ <u>4,275,190</u>	\$ <u>5,112,859</u>

The accompanying notes are an integral part of these financial statements.

NISQUALLY PINES COMMUNITY CLUB

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

Year Ended September 30:	2023	2022
Revenue		
Membership Dues & Assessments	\$ 695,613	\$ 702,210
Water System Revenues	267,346	242,716
Late Fee Income & Interest Charges	31,465	32,560
Legal Fees Charged to Residents	1,894	902
Clubhouse Rental	4,905	4,680
Pool Fees, Non-Members	1,633	2,167
Interest & Dividend Income	12,863	10,113
Investment Income	(1,203)	(52,727)
Miscellaneous Service Fees & Charges	3,092	7,991
	<u>1,017,608</u>	<u>950,612</u>
Expense		
Payroll	269,463	235,778
Payroll Taxes	26,841	23,959
Employee Benefits	44,197	41,016
Depreciation & Amortization	251,328	252,382
Legal Fees	3,660	3,919
Security	20,242	17,070
Interest Expense	50,292	53,561
Repairs & Maintenance	60,869	47,645
Utilities	54,603	63,040
Other Professional Services	34,199	36,250
Supplies	45,047	41,364
Insurance	25,023	24,903
Taxes & Licenses	14,511	13,103
Vehicles	11,983	12,469
Water Testing	5,970	3,472
Dues & Subscriptions	6,641	7,324
Bank Charges	11,372	12,083
Equipment Rental	2,059	2,057
Membership Activities	713	884
Miscellaneous	2,393	1,566
	<u>941,406</u>	<u>893,845</u>
INCREASE (DECREASE) IN FUND BALANCE	76,202	56,767
FUND BALANCE, BEGINNING OF YEAR	<u>3,148,310</u>	<u>3,091,543</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 3,224,512</u></u>	<u><u>\$ 3,148,310</u></u>

The accompanying notes are an integral part of these financial statements.

NISQUALLY PINES COMMUNITY CLUB

STATEMENT OF CASH FLOWS

Year Ended September 30:	2023	2022
Cash Flows from Operating Activities		
Increase (Decrease) in fund balance	\$ 76,202	\$ 56,767
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation & Amortization	251,328	252,382
(Increase) Decrease in Accounts Receivable-Net	22,797	(11,495)
(Increase) Decrease in Prepaid Expense	(855)	(486)
Increase (Decrease) in Accrued Payables	(11,347)	31,730
(Gain) Loss on Investments	1,203	52,727
Net Cash Provided (Used) by Operating Activities	339,328	381,625
Cash Flows from Investing Activities		
Cash Paid for Capital Assets	(45,808)	(65,002)
Cash Received From Investments	9,241	7,674
Cash Paid for Investments	(9,230)	(7,662)
Net Cash Provided (Used) by Investing Activities	(45,797)	(64,990)
Cash Flows from Financing Activities		
Principal Payment on Loans	(902,524)	(148,030)
Net Cash Provided (Used) by Investing Activities	(902,524)	(148,030)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(608,993)	168,605
BEGINNING CASH AND CASH EQUIVALENTS	2,147,874	1,979,269
ENDING CASH AND CASH EQUIVALENTS	\$ 1,538,881	\$ 2,147,874
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash Paid During the Fiscal Year for Interest	\$ 50,968	\$ 55,463

The accompanying notes are an integral part of these financial statements.

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2023 and 2022

NOTE 1 – NATURE OF ACTIVITIES

Nisqually Pines Community Club (the Club) is an incorporated association of real property owners located in Yelm, Washington. The Club is comprised of 827 member owned lots. Ownership of lots includes an undivided membership interest in the common areas and a water system providing water to all lots within the Club.

The Club is responsible for the operations and maintenance of all common areas as well as the water system. Common areas included all roads, parks, and greenbelts with the Nisqually Pines development as well as a swimming pool, a community clubhouse, an office and maintenance facility, associated parking lots, and other property improvements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting--

The Club's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when the service period has occurred or the service has been provided. Expenses are recorded when a liability is incurred. Expenses are allocated to each activity by direct allocation or indirectly as determined by management based on an estimated percentage of use.

Cash and Cash Equivalents--

For purposes of the statement of cash flows, the Club considers all highly liquid instruments purchased with an original maturity of three months or less to be cash. USDA loan covenants require the Club to restrict monthly cash balances sufficient to accumulate required loan payments. The Club also has cash restricted for use in future major repairs and maintenance and an emergency fund. Cash in bank deposit accounts at times may exceed insurance coverage provided by the Federal Deposit Insurance Corporation. The Club has not experienced any losses on such deposits and management does not believe the Club is subject to a significant risk of loss on any excesses.

Common Property--

The Club holds title to common real property consisting of common areas of land, a clubhouse, water system, pool, basketball court, parks, business office and shop complex, common parking areas, and other real property improvements. It is also responsible for maintaining all streets, signage, and similar infrastructure within the Nisqually Pines Community Club development.

Common areas of land originally contributed to the Club by the developer have not been assigned a value. Such land is deemed to be owned by members in proportion to each member's percentage ownership of lots in the Club.

The Club's policy for determining a capital asset is to recognize all common property and certain improvements to land held by the Club. Property and equipment include those assets which are used by the Club in its operations or provide significant benefits to members or may result in significant operating and maintenance costs to the Club or provide a source of revenue to the Club based on the assets' use.

Assessments—

Club members are subject to monthly assessments to provide funds for the Club's operating expenses, future capital acquisitions, repayment of the water system loans, and major repairs and replacements.

NISQUALLY PINES COMMUNITY CLUB
NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2023 and 2022

Assessments are billed and payable by the members in twelve monthly installments of \$87.00 and \$87.00 for the fiscal years ending September 30, 2023 and 2022, respectively.

<u>Member Assessments</u>	<u>2023</u>	<u>2022</u>
Basic Operating Budget	\$ 51.65	\$ 53.03
Long-Range Plan	16.56	15.06
Water Base Rate	16.93	16.24
USDA Loan	1.86	2.67
Total Monthly Assessment Per Lot	<u>\$ 87.00</u>	<u>\$ 87.00</u>

The Club also charges members for their water usage based on meter readings. Other miscellaneous charges, fines, and interest are also included in assessments if required.

Restricted Investments--

Investments designated for future use consist of mutual funds at September 30, 2023 and 2022.

Income Tax Provision and Uncertain Tax Positions--

Nisqually Pines Community Club is a residential management association. The Club uses the cash method of accounting for filing their federal income tax returns. The Club elects on an annual basis to file either Form 1120 or 1120-H, depending on which is most advantageous. For the year ending September 30, 2023, the Club filed Form 1120 and reported income tax expense of \$0. In years ending September 30, 2022 and 2021, the Club filed Forms 1120 and reported and paid federal income tax of \$0 and \$0, respectively.

The Club files income tax returns in the U.S. federal jurisdiction. The Club is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019. Currently, there is no examination or pending examination with any federal or state taxing authority.

As of September 30, 2023, there are no tax positions for which deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

Use of Estimates--

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT

Capitalized property and equipment is reported at cost. Expenditures for maintenance and repairs are charged to operations as incurred. New property and equipment, betterments, and major replacements are capitalized if they have a useful life over one year and cost over \$2,500. Depreciation and amortization are computed using the straight line method of depreciation.

Estimated useful lives for capital assets are as follows:

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2023 and 2022

<u>Group</u>	<u>Useful Lives</u>	Value Net of Depreciation	
		<u>2023</u>	<u>2022</u>
Water System	5-25 Years	\$ 2,010,982	\$ 2,199,465
Structures & Improvements	5-15 Years	167,888	158,835
Streets, Lights, and Signs	5-15 Years	180,784	210,347
Vehicles, Tools, & Equipment	5-7 Years	80,931	94,017
Office and Computer Equipment	5-7 Years	41,462	24,902
		\$ 2,482,047	\$ 2,687,566

Depreciation and amortization expense was \$251,328 and \$252,382 for the fiscal years ending September 30, 2023 and 2022, respectively. All common property is pledged as collateral for the USDA loan.

NOTE 4 – REVENUE

Member dues and assessments are recognized as revenue when the Club has the right of claim. Water usage revenue is recognized when consumed. Other revenue is recognized when payment is received.

Revenue exclusive of other revenue is as follows for fiscal years ending September 30:

<u>Member Dues & Assessments:</u>	<u>2023</u>	<u>2022</u>
General Assessment Dues	\$ 512,813	\$ 526,258
Long Range Plan	164,341	149,455
USDA Loan Proceeds	18,459	26,497
Total Member Dues & Assessments	\$ 695,613	\$ 702,210

Water System Revenue:

Water Sales Basic Assessment	\$ 168,013	\$ 161,166
Water Usage	99,333	81,550
Total Water System Revenue	\$ 267,346	\$ 242,716

NOTE 5 – COMMITMENTS

The Club has a contract with the Thurston County Sheriff to provide the Club with an extra duty Sheriff's deputy who provides additional security within the development. Additional security includes checking on homes of residents who are away and have registered with the Club's office to receive such services.

The contract requires the Club to pay the Sheriff for a minimum of 3 hours per day. The amount paid for the Sheriff's deputy for the years ended September 30, 2023 and 2022 was \$19,568 and \$16,381 respectively.

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2023 and 2022

NOTE 6- ACCOUNTS RECEIVABLE

Accounts receivable are generally from Club members. These members are located within the same geographic area and as such collection could be impacted by local economic conditions. As of September 30, 2023 and 2022, gross accounts receivable was \$41,548 and \$64,345, respectively.

The allowance for bad debts was estimated at \$15,691 and \$15,691, respectively, at year ends. Receivables are written off when properties go to tax sale or when the Club obtains possession of underlying property at a value less than the outstanding receivable balance. Liens are placed on properties that have an outstanding balance of \$500 or more. The Club has the ability to place liens on the related property as deemed necessary by the Board to help recover outstanding receivable balances. The Club recognized \$10,897 and \$2,329 in bad debts during the years ended September 30, 2023 and 2022, respectively. Accounts outstanding longer than 90 days are considered past due. \$22,951 in gross accounts receivable were outstanding greater than 90 days at September 30, 2023.

NOTE 7 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

Club governing documents allow for special assessments for future major repairs and replacements as needed. Dues include a portion for long-term repairs and replacements. Assets held for long range purposes (designated reserves) may not be used without a vote of the general membership.

The Club has conducted a reserve study for future major repairs and replacements to estimate the remaining useful lives. The reserve study was updated on July 22, 2023 without a visual site inspection which is classified as a level 3 update. The Board and membership of the Club have addressed the need to fund such future costs through the annual long range planning assessment. \$164,341 and \$149,455 was assessed in the years ended September 30, 2023 and 2022, respectively.

At September 30, 2023 and 2022, the Club had \$1,261,520 and \$1,189,520, respectively, in funds designated for such long range purposes.

The following table is based on the reserve study and presents significant information about the components of common property and the estimated expenditures over the next 30 years.

The estimated expenditures are as follows:

NISQUALLY PINES COMMUNITY CLUB
NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2023 and 2022

<u>Category</u>	<u>Remaining Estimated Useful Lives</u>	<u>Total Expenditures Over 30 Years</u>
Site Improvements	1-18 Years	\$ 4,963,343
Structure	9 Years	120,039
Roofing	12-46 Years	34,792
Exterior	6-50 Years	141,423
Electrical Systems	6-22 Years	279,914
Plumbing Systems	1-20 Years	1,225,465
HVAC Systems	14 Years	146,742
Common Interior Finishes	1-2 Years	388,724
Miscellaneous Mechanical	1-18 Years	898,281
Amenities	1-6 Years	570,440
		<u>\$ 8,769,163</u>

NOTE 8 – LONG TERM DEBT

On April 13, 2013, the Club entered into a loan agreement with USDA-Rural Development. The loan agreement provided funds to rehabilitate a portion of the Club’s water system. The principle amount borrowed totaled \$2,501,000 at an interest rate of 2.75% per annum with semiannual payments of \$51,476 payable for 40 years. The Club made an additional loan payment of \$850,000 during September of 2023. The note is collateralized by all common property, and requires the Club to establish a reserve account for future debt payments, maintenance, and other restrictions set forth in the Loan Resolution Security Agreement. A total of \$103,492 must be maintained in the account. The Club has set aside sufficient amounts to meet this requirement.

The balance on the note for years ended September 30, 2023 and 2022 totaled \$978,261 and \$1,880,785 respectively. Accrued interest for years ended September 30, 2023 and 2022 totaled \$23,489 and \$24,165, respectively.

The following table represents future principle payments for years ending September 30:

2024	\$	64,835
2025		78,177
2026		80,341
2027		82,566
2028		84,852
Thereafter		<u>587,490</u>
Total	\$	<u>978,261</u>

NOTE 9 – SUBSEQUENT EVENTS

The Club did not have any subsequent events through March 20, 2024, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ending September 30, 2023.

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2023 and 2022

NOTE 10 – FAIR VALUE

The Club investments are measured at fair value in accordance with accounting principles generally accepted in the United States (US GAAP). US GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under US GAAP are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Club has the ability to access.

Level 2: Inputs to valuation methodology include: Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Club at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Club believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Club's assets at fair value as of September 30, 2023:

	Assets at Fair Value as of September 30, 2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ <u>217,836</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>217,836</u>
Total Assets at Fair Value:	\$ <u>217,836</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>217,836</u>

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2023 and 2022

The following table sets forth by level, within the fair value hierarchy, the Club's assets at fair value as of September 30, 2022:

Assets at Fair Value as of September 30, 2022				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 219,051	\$ -	\$ -	\$ 219,051
Total Assets at Fair Value:	\$ 219,051	\$ -	\$ -	\$ 219,051

NOTE 11 – FUND BALANCES

The Club maintains, within fund balance, reserve funds for future major repairs and replacements and emergency. Composition of fund balance is as follows:

<u>Category</u>	<u>Unrestricted</u>	<u>Emergency Reserves</u>	<u>Future Major Repairs & Replacements</u>	<u>Total</u>
Balance October 1, 2021	\$ 1,931,710	\$ 20,000	\$ 1,139,833	\$ 3,091,543
FYE September 30, 2022 Profit	56,767	-	-	56,767
Restoration of Loss on Investments	(30,949)	-	30,949	-
Investment Unrealized Loss	52,738	-	(52,738)	-
Long Range Planning Assessment	(149,455)	-	149,455	-
Use of Reserve Funds	77,979	-	(77,979)	-
Balance September 30, 2022	1,938,790	20,000	1,189,520	3,148,310
FYE September 30, 2023 Profit	76,202	-	-	76,202
Long Range Planning Assessment	(164,341)	-	164,341	-
Use of Reserve Funds	74,446	-	(74,446)	-
Balance September 30, 2023	\$ 1,925,097	\$ 20,000	\$ 1,279,415	\$ 3,224,512

The Club, during the year ended September 30, 2022, had unrealized losses of \$52,738 on investments held by the future major repairs and replacements fund. The Club determined it appropriate to transfer unrestricted funds of \$30,949 to the future repairs and replacements fund from unrestricted funds as earnings from the investments have in prior and the current year been transferred to the unrestricted fund. The transfer represents an amount necessary to restore the investments held by the future repairs and replacements fund to the original amount invested of \$250,000.

**NISQUALLY PINES COMMUNITY CLUB
Summary Schedule of Prior Audit Findings**

Fiscal Year Ended September 30, 2023

No matters were reported.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Directors
Nisqually Pines Community Club
Yelm, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Nisqually Pines Community Club (the Club), which comprise the balance sheet as of September 30, 2023, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Club's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, we do not express an opinion on the effectiveness of the Club's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Club's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

March 20, 2024

Montesano, Washington

NISQUALLY PINES COMMUNITY CLUB
Schedule of Findings

Fiscal Year Ended September 30, 2023

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over federal programs:

Material weaknesses identified: No

Significant deficiencies identified not considered to be material weaknesses: No