
NISQUALLY PINES COMMUNITY CLUB
A Washington Not For Profit Corporation

Financial Statements

For the Years Ended September 30, 2020 and 2019

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Nisqually Pines Community Club (the Club), which comprise the balance sheet as of September 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in fund balance and cash flows, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nisqually Pines Community Club as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

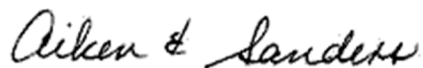
Other Matters

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Future Major Repairs and Replacements information 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, 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 February 11, 2021, 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

February 11, 2021

Montesano, Washington

NISQUALLY PINES COMMUNITY CLUB

BALANCE SHEET

As of September 30:	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 717,956	\$ 556,698
Cash-Restricted For Future Major Repairs	745,466	550,009
Cash-USDA Loan	143,536	269,969
Cash- Emergency Fund	20,312	20,271
Accounts Receivable-Net	57,723	53,233
Income Tax Receivable	-	99,104
Prepaid Expense	10,064	7,851
	<u>1,695,057</u>	<u>1,557,135</u>
Fixed Assets		
Improvements & Equipment	6,468,859	6,419,876
Less: Accumulated Depreciation	<u>(3,416,117)</u>	<u>(3,166,788)</u>
	<u>3,052,742</u>	<u>3,253,088</u>
Other Assets		
Restricted Investments	<u>255,963</u>	<u>260,987</u>
	<u>255,963</u>	<u>260,987</u>
Total Assets	\$ <u>5,003,762</u>	\$ <u>5,071,210</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued Payables	\$ 51,868	\$ 63,308
Current Portion Long Term Debt	<u>152,480</u>	<u>150,903</u>
	<u>204,348</u>	<u>214,211</u>
Non-Current Liabilities		
Notes Payable-Net of Current Portion	<u>2,029,036</u>	<u>2,329,880</u>
	<u>2,029,036</u>	<u>2,329,880</u>
Total Liabilities	<u>2,233,384</u>	<u>2,544,091</u>
Equity		
Fund Balance	<u>2,770,378</u>	<u>2,527,119</u>
	<u>2,770,378</u>	<u>2,527,119</u>
Total Liabilities and Equity	\$ <u>5,003,762</u>	\$ <u>5,071,210</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:	2020	2019
Revenue		
Membership Dues & Assessments	\$ 875,751	\$ 876,801
Water System Revenues	236,296	236,685
Late Fee Income & Interest Charges	22,554	41,698
Legal Fees Charged to Residents	21,606	62,610
Clubhouse Rental	2,835	3,915
Pool Fees, Non-Members	-	1,267
Interest & Dividend Income	19,368	12,408
Investment Income	(5,012)	9,824
Miscellaneous Service Fees & Charges	14,471	8,497
	<u>1,187,869</u>	<u>1,253,705</u>
Expense		
Payroll	200,354	222,920
Payroll Taxes	20,583	24,988
Employee Benefits	43,749	42,698
Depreciation & Amortization	249,329	261,867
Legal Fees	72,036	96,916
Security	73,631	102,233
Interest Expense	66,783	67,496
Repairs & Maintenance	43,038	106,584
Utilities	35,793	47,588
Bad Debt Expense	-	27,206
Other Professional Services	36,546	46,394
Supplies	31,487	35,538
Insurance	22,162	20,197
Taxes & Licenses	13,375	12,438
Vehicles	10,549	10,548
Water Testing	2,280	5,706
Dues & Subscriptions	6,918	6,319
Bank Charges	10,856	9,106
Equipment Rental	1,823	1,837
Membership Activities	459	1,236
Miscellaneous	2,859	1,864
	<u>944,610</u>	<u>1,151,679</u>
INCREASE (DECREASE) IN FUND BALANCE	243,259	102,026
FUND BALANCE, BEGINNING OF YEAR	<u>2,527,119</u>	<u>2,425,093</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,770,378</u>	<u>\$ 2,527,119</u>

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

NISQUALLY PINES COMMUNITY CLUB

STATEMENT OF CASH FLOWS

Year Ended September 30:	2020	2019
Cash Flows from Operating Activities		
Increase (Decrease) in fund balance	\$ 243,259	\$ 102,026
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation & Amortization	249,329	261,867
Bad Debts	-	27,206
(Increase) Decrease in Accounts Receivable-Net	(21,871)	(10,246)
(Increase) Decrease in Income Tax Receivable	99,104	65,728
(Increase) Decrease in Prepaid Expense	(2,213)	(1,634)
Increase (Decrease) in Accrued Payables	(11,440)	(15,460)
(Gain) Loss on Investments	5,012	(9,824)
Net Cash Provided (Used) by Operating Activities	<u>561,180</u>	<u>419,663</u>
Cash Flows from Investing Activities		
Cash Paid for Capital Assets	(48,983)	(148,679)
Cash Received From Investments	17,405	15,585
Cash Paid for Investments	(12)	(25,397)
Net Cash Provided (Used) by Investing Activities	<u>(31,590)</u>	<u>(158,491)</u>
Cash Flows from Financing Activities		
Principal Payment on Loans	(299,267)	(262,920)
Net Cash Provided (Used) by Investing Activities	<u>(299,267)</u>	<u>(262,920)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	230,323	(1,748)
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,396,947</u>	<u>1,398,695</u>
ENDING CASH AND CASH EQUIVALENTS	\$ <u><u>1,627,270</u></u>	\$ <u><u>1,396,947</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash Paid During the Fiscal Year for Interest	\$ <u><u>65,242</u></u>	\$ <u><u>74,108</u></u>

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, 2020 and 2019

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 826 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, 2020 and 2019

Assessments are billed and payable by the members in twelve monthly installments of \$103.38 and \$103.38 for the fiscal years ending September 30, 2020 and 2019, respectively.

<u>Member Assessments</u>	<u>2020</u>	<u>2019</u>
Basic Operating Budget	\$ 48.54	\$ 48.38
Long-Range Plan	25.00	25.00
Water Loan	11.54	11.70
Water Base Rate	14.82	14.82
USDA Loan	3.48	3.48
Total Monthly Assessment Per Lot	\$ <u>103.38</u>	\$ <u>103.38</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, 2020 and 2019.

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, 2020, the Club filed Form 1120 and reported income tax expense of \$0. In years ending September 30, 2019 and 2018, the Club filed Forms 1120 and reported and paid federal income tax of \$0 and \$0, respectively. In prior years, the Club treated assessments paid by members for future capital improvements to be taxable income for federal income tax purposes. For the year ending September 30, 2018, the Club concluded that these assessments were not taxable for federal purposes and excluded these assessments from income on Form 1120, resulting in no federal tax liability. The Club also filed amended returns for the years ending September 30, 2017 and 2016, requesting refunds, after excluding capital dues assessments from income, for all tax paid. \$99,232 was recorded as a reduction in income tax expense in the year ended September 30, 2018 and, along with 2018 estimated tax payments, as an income tax refund receivable. The Club received a refund of these amounts in the year ended September 30, 2020.

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 2016. Currently, there is no examination or pending examination with any federal or state taxing authority.

As of September 30, 2020, 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.

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2020 and 2019

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:

<u>Group</u>	<u>Useful Lives</u>	<u>Value Net of Depreciation</u>	
		<u>2020</u>	<u>2019</u>
Water System	5-25 Years	\$ 2,770,471	\$ 2,900,214
Structures & Improvements	5-15 Years	191,883	143,919
Streets, Lights, and Signs	5-15 Years	254,512	285,948
Vehicles, Tools, & Equipment	5-7 Years	30,057	29,332
Office and Computer Equipment	5-7 Years	6,165	6,863
		\$ 3,253,088	\$ 3,366,276

Depreciation and amortization expense was \$249,329 and \$261,867 for the fiscal years ending September 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
General Assessment Dues	\$ 483,629	\$ 475,475
Water Loan Proceeds	112,185	118,690
Long Range Plan	245,443	248,100
USDA Loan Proceeds	34,494	34,536
Total Member Dues & Assessments	\$ 875,751	\$ 876,801

Water System Revenue:

Water Sales Basic Assessment	\$ 147,376	\$ 144,634
Water Usage	88,920	92,051
Total Water System Revenue	\$ 236,296	\$ 236,685

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.

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2020 and 2019

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, 2020 and 2019 was \$72,937 and \$101,484, respectively.

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, 2020 and 2019, gross accounts receivable was \$81,703 and \$77,213, respectively. The allowance for bad debts was estimated at \$23,980 and \$23,980, 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 \$0 and \$27,206 in bad debts during the years ended September 30, 2020 and 2019, respectively. Accounts outstanding longer than 90 days are considered past due. \$57,677 in gross accounts receivable were outstanding greater than 90 days at September 30, 2020.

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 August 11, 2020 with no 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. \$245,443 and \$248,100 was assessed in the years ended September 30, 2020 and 2019, respectively.

At September 30, 2020 and 2019, the Club had \$1,020,659 and \$897,328, 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, 2020 and 2019

<u>Category</u>	<u>Remaining Estimated Useful Lives</u>	<u>Total Expenditures Over 30 Years</u>
Site Improvements	2-10 Years	\$ 3,685,304
Structure	13 Years	72,714
Roofing	3-49 Years	37,051
Exterior	1 Year	110,410
Electrical Systems	1-26 Years	101,957
Plumbing Systems	1-21 Years	981,251
HVAC Systems	1 Year	14,031
Common Interior Finishes	1-8 Years	280,803
Miscellaneous Mechanical	2-13 Years	779,796
Amenities	1-14 Years	156,155
		<u>\$ 6,219,471</u>

NOTE 8 – LONG TERM DEBT

The Club has a loan agreement dated May 14, 2001, with the Washington State Public Works Board. The agreement, Drinking Water State Revolving Loan Agreement, provided funding for the rehabilitation of the Club’s water system. The Club borrowed a total of \$2,232,780 under the arrangement, including a loan fee. The loan interest rate is 1.5% per annum. The loan requires annual interest and principal payments which are due on October 1st of each year. The loan matures on October 1, 2021. The loan balance was \$107,783 and \$215,566 at September 30, 2020 and 2019, respectively.

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 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, 2020 and 2019 totaled \$2,073,734 and \$2,265,217, respectively. Accrued interest for years ended September 30, 2020 and 2019 totaled \$30,725 and \$29,184, respectively.

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

2021	\$	152,480
2022		48,026
2023		49,355
2024		50,722
2025		52,127
Thereafter		<u>1,828,806</u>
Total	\$	<u><u>2,181,516</u></u>

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2020 and 2019

NOTE 9 – SUBSEQUENT EVENTS

The Club did not have any subsequent events through February 11, 2021, 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, 2020.

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, 2020.

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, 2020:

NISQUALLY PINES COMMUNITY CLUB

NOTES TO THE FINANCIAL STATEMENTS

Fiscal Years Ended September 30, 2020 and 2019

Assets at Fair Value as of September 30, 2020

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 255,963	\$ -	\$ -	\$ 255,963
Total Assets at Fair Value:	\$ 255,963	\$ -	\$ -	\$ 255,963

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

Assets at Fair Value as of September 30, 2019

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 260,987	\$ -	\$ -	\$ 260,987
Total Assets at Fair Value:	\$ 260,987	\$ -	\$ -	\$ 260,987

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, 2018	\$ 1,648,161	\$ 20,000	\$ 756,932	\$ 2,425,093
FYE September 30, 2019 Profit	102,026	-	-	102,026
Long Range Planning Assessment	(248,100)	-	248,100	-
Long Range Planning Assessment	(62,500)	-	62,500	-
Use of Reserve Funds	170,204	-	(170,204)	-
Balance September 30, 2019	1,609,791	20,000	897,328	2,527,119
FYE September 30, 2020 Profit	243,259	-	-	243,259
Long Range Planning Assessment	(245,443)	-	245,443	-
Reclassification of Board Transfer	62,500	-	(62,500)	-
Use of Reserve Funds	59,612	-	(59,612)	-
Balance September 30, 2020	\$ 1,729,719	\$ 20,000	\$ 1,020,659	\$ 2,770,378

The Club, during the year ended September 30, 2019, transferred \$62,500 into a cash account restricted for future major repairs. This transfer was classified as an increase in fund balance restricted to future major repairs and replacements in the year transferred and presented as such in the table above. However, it was determined by management in the year ended September 30, 2020, that this transfer, while increasing the cash account restricted to future major repairs and replacements, was not an increase to the restricted fund balance. This transfer was reclassified to unrestricted in the year ended September 30, 2020.

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

Fiscal Year Ended September 30, 2020

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, 2020, 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 February 11, 2021.

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

February 11, 2021

Montesano, Washington

NISQUALLY PINES COMMUNITY CLUB
Schedule of Findings

Fiscal Year Ended September 30, 2020

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