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**Indian Lake Property Owners Association Inc.**

Financial Statements and Supplementary Information

For the Years Ended December 31, 2016, 2015 and 2014  
(With Independent Auditors' Report Thereon)

Kean & Company, LLC  
Certified Public Accountants  
PO Box 876, 704 West 2<sup>nd</sup> Street  
Rolla, Missouri 65402

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# KEAN & COMPANY<sup>LLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report**

*Where Personal and Professional Service Is Everything*

The Board of Directors  
Indian Lake Property Owners Association Inc.  
Cuba, Missouri:

We have audited the accompanying financial statements of Indian Lake Property Owners Association Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' judgement, including the assessment of 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 qualified audit opinion.

### *Basis for Qualified Opinion*

No accounting controls have been exercised over long-term documentation retention. We were unable to obtain sufficient appropriate audit evidence about the Organization's basis in most of the fixed assets including the land, improvements, buildings, equipment, and other miscellaneous assets purchased or acquired prior to 2014. Consequently, the original cost basis of the assets, current and accumulated depreciation, and effects on net assets could not be determined for the years ended December 31, 2016,

2015 and 2014. Estimations on these fixed assets are described in Note 2 to the financial statements. Actual results could vary from the estimates that were used.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Indian Lake Property Owners Association Inc. as of December 31 2016, 2015 and 2014, 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.

*Report on Supplementary Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 10-12 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kean & Company*

Kean & Company, LLC  
Rolla, Missouri

November 22, 2017

**Indian Lake Property Owners Association Inc.**  
**Statements of Financial Position**  
**December 31, 2016, 2015 and 2014**

<b><u>ASSETS</u></b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 518,763	\$ 531,416	\$ 525,658
Accounts Receivable	36,679	40,443	82,916
Allowance for Doubtful Accounts	(27,523)	(10,420)	(16,976)
Prepaid Insurance	14,564	10,482	7,977
Total Current Assets	542,483	571,921	599,575
<b>Noncurrent Assets</b>			
<b>Fixed Assets (Note 2)</b>			
Land	492,547	492,547	492,547
Buildings and Improvements	861,000	806,990	806,990
Construction in Progress	20,400	-	-
Vehicles, Furniture, and Equipment	126,537	126,537	108,420
Net Fixed Assets	1,500,484	1,426,074	1,407,957
 <b>Total Assets</b>	 <b>\$ 2,042,967</b>	 <b>\$ 1,997,995</b>	 <b>\$ 2,007,532</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 2,034	\$ -	\$ 7,771
Payroll Liabilities	6,088	3,970	4,301
Unearned Revenue	84,334	73,180	74,879
Total Current Liabilities	92,456	77,150	86,951
 <b>Total Liabilities</b>	 92,456	 77,150	 86,951
<b>Net Assets</b>			
Unrestricted	1,950,511	1,920,845	1,920,581
 <b>Total Net Assets</b>	 1,950,511	 1,920,845	 1,920,581
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 2,042,967</b>	 <b>\$ 1,997,995</b>	 <b>\$ 2,007,532</b>

See accompanying notes to financial statements.

**Indian Lake Property Owners Association Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2016, 2015 and 2014**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Unrestricted Net Assets			
Support and Revenue			
Public Support:			
Dues	\$ 336,060	\$ 330,719	\$ 337,358
Donations Received	32,598	7,344	13,313
Total Public Support	368,658	338,063	350,671
Other Revenue:			
Advertising	10,584	7,004	7,929
Boat, Car Stickers/ID Cards	9,820	9,195	10,583
Cable TV Fees	15,104	13,352	9,179
Boat Dock Lease Income	13,650	13,325	13,000
Interest Income	5,367	5,207	3,929
Other Income	31,682	21,075	20,923
Total Other Revenue	86,207	69,157	65,544
<b>Total Support and Revenue</b>	454,864	407,220	416,214
Expenses			
Program Services			
Maintenance for Home Owners Association	350,976	330,243	382,977
Support Services			
Management and General	74,223	76,712	66,795
Total Support Services	74,223	76,712	66,795
<b>Total Expenses</b>	425,199	406,955	449,772
Increase (Decrease) in Net Assets	29,665	264	(33,558)
Net Assets, Beginning of Year	1,920,846	1,920,581	1,954,139
Net Assets, End of Year	\$ 1,950,511	\$ 1,920,845	\$ 1,920,581

See accompanying notes to the financial statements.

**Indian Lake Property Owners Association Inc.**  
**Statements of Cash Flows (Indirect Method)**  
**Years Ended December 31, 2016, 2015 and 2014**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b><u>Cash Flows From Operating Activities:</u></b>			
Change in net assets	\$ 29,665	\$ 264	\$ (33,558)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
(Increase) Decrease in Net Accounts Receivable	20,868	35,918	192,625
(Increase) Decrease in Prepaid Insurance	(4,082)	(2,505)	(145)
Increase (Decrease) in Accounts Payable	2,034	(7,771)	7,771
Increase (Decrease) in Payroll Liabilities	2,118	(332)	466
Increase (Decrease) in Unearned Revenue	11,154	(1,699)	(4,883)
Total Adjustments	32,092	23,611	195,834
Net Cash Provided (Used) by Operating Activities	61,757	23,875	162,276
 <b><u>Cash Flows from Investing Activities:</u></b>			
Purchase of Property, Plant, and Equipment	(74,410)	(18,117)	(17,000)
Net Cash Provided (Used) by Investing Activities	(74,410)	(18,117)	(17,000)
 <b><u>Cash Flows from Financing Activities</u></b>			
Loan Advances	-	-	-
Payments on Loan	-	-	-
Net Cash Provided (Used) by Financing Activities	-	-	-
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(12,653)	5,758	145,276
 <b>Cash and Cash Equivalents at Beginning of Year</b>	531,416	525,658	380,382
 <b>Cash and Cash Equivalents at End of Year</b>	\$ 518,763	\$ 531,416	\$ 525,658
 <b><u>Supplemental Disclosure of Cash Flow Information:</u></b>			
 Cash Paid During the Year For:			
Income Taxes	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

**Indian Lake Property Owners Association Inc.**  
Notes to the Financial Statements  
Years Ended December 31, 2016, 2015 and 2014

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

**Nature of Business**

The Indian Lake Property Owners Association Inc. (the "Organization") is a Missouri non-profit corporation. The Organization's mission is to provide maintenance of roads, lake, dam, and other facilities and security for the benefit of the community residents. The Organization was incorporated on August 13, 1962. The Organization is supported by annual membership charges paid by the property owners.

**Method of Accounting**

The financial statements of the Organization are prepared on the accrual basis of accounting, under which revenues are recognized when earned and become measurable, and expenses are recognized when incurred, if measurable.

**Financial Statement Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor imposed restrictions.

Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors. All of the Organizations net assets are unrestricted.

**Cash and Cash Equivalents**

Cash and cash equivalents include all checking accounts, money market accounts, savings accounts, and certificates of deposit to be cash equivalents.

The Organization maintains cash balances at one financial institution in Cuba, Missouri. The funds are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of December 31, 2016, 2015 and 2014 the uninsured balances were \$283,979, \$290,585, and \$282,857 respectively.

The Organization's Board of Directors has elected to keep specific cash funds separate in an account named the "Dam and Spillway Maintenance Account". These funds must maintain a minimum balance of \$100,000 and may be used to pay the cost of maintenance and major repairs of the Organization's dam and spillway. The balances for these accounts were \$179,936, \$174,880 and \$151,647 as of December 31, 2016, 2015 and 2014.

**Unearned Revenue**

The Organization receives a large sum of its annual membership fees income prior to the commencement of the fiscal year the fees pertain to. These fees are shown as liabilities on the Organization's Statement of Financial Position. These unearned fees accrued to \$84,334, \$73,180 and \$74,879 as of December 31, 2016, 2015 and 2014.



**Indian Lake Property Owners Association Inc.**  
Notes to the Financial Statements  
Years Ended December 31, 2016, 2015 and 2014

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**Accounts Receivable**

Accounts receivable are stated at the amount the board expects to collect from outstanding balances. The Organization provides for potentially uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances still outstanding after the board has used reasonable collection efforts are charged to the allowance for doubtful accounts and a credit to the applicable accounts receivable.

The Organization had allowances for doubtful accounts of \$27,522.72, \$10,420.00, and \$16,976.02 respectively for the years ended December 31, 2016, 2015 and 2014.

**Use of Estimates**

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

The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.

**Contributions**

Contributions of cash and other assets are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

During fiscal years ending December 31, 2016, 2015 and 2014, the Organization received no restricted contributions.

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated trade or business income and on excess lobbying expenses. The Organization had no unrelated business income for the years ended December 31, 2016, 2015 and 2014.

The Organization files forms 990 in the U.S. federal jurisdiction. Open tax years subject to examination by the Internal Revenue Service as of December 31, 2016 were 2016, 2015, and 2014.

**Indian Lake Property Owners Association Inc.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2016, 2015 and 2014**

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**Functional Expenses**

Expenses are charged directly to program or support based on a combination of specific identification and allocation by management.

**NOTE 2 – PROPERTY AND EQUIPMENT**

The Organization's policies and procedures for property and equipment are as follows:  
Major acquisitions of property and equipment purchased are capitalized if the asset has an estimated useful life that extends beyond one year. Property and equipment is stated at cost, or if donated, at the estimated fair value at the date of donation. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed when paid. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net assets.

Due to the lack of sufficient appropriate audit evidence, the cost/estimated fair value of assets were not able to be determined for the years ended December 31, 2016, 2015 and 2014. On the Statement of Financial Position, the value of the buildings, improvements, vehicles, furniture, and equipment for items acquired prior to 2014, were based on the insured replacement values as determined by the Organization's insurance agent. The value of the land was estimated by the local county assessor's office. The over 300 acres where the Organization's lake is located is not included in the assessor's estimated land value. Construction in progress costs as well equipment purchased between fiscal years 2014-2016 were stated at cost. As with the inherent limitation of estimates, actual results of value could vary.

Due to the inability to express an opinion on the Organization's fixed assets, accumulated depreciation and depreciation expense for the years ended December 31, 2016, 2015 and 2014 can not be determined.

Please refer to the discussion of our qualified audit opinion on page one of the Independent Auditors' Report.

**NOTE 3 – CONTINGENCIES**

The Organization is continually involved in litigation that arises in the ordinary course of conducting activities, mainly in regards to collecting past due membership fees. The resolution of litigation matters, if any, would not have a material effect of the financial position of the Organization as of the December 31, 2016, 2015 and 2014.

**Indian Lake Property Owners Association Inc.**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2016, 2015 and 2014**

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**NOTE 4 – LEASE AGREEMENT**

The Organization entered into a lease agreement in September 1996 with a local company for the use of part of their property to be used as a marina. The tenant shall pay the Organization \$1,000 per year commencing in 1996 and ending 2025.

Rental income under this lease agreement were \$1,000 for each of the years ended December 31, 2016, 2015 and 2014.

Future lease payments to be received on this lease are as follows:

2017	\$1,000
2018	1,000
2019	1,000
2020	1,000
2021	1,000
2022-2025	<u>4,000</u>
	<u>\$9,000</u>

**NOTE 5– SUBSEQUENT EVENTS**

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 22, 2017, which is the date the financial statements were available to be issued.

The Organization made substantial fixed asset purchases up to the date these financial statements were available to be issued. Over \$50,000 was spent on equipment and other miscellaneous fixed assets up to November 22, 2017.

**Indian Lake Property Owners Association Inc.**  
**Supplemental Schedule of Functional Expenses**  
**Year Ended December 31, 2016**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Auto and Truck Expense	\$ 16,211	\$ -	\$ 16,211
Bad Debt	27,523	-	27,523
Contract Labor	-	3,490	3,490
Dues and Subscriptions	489	-	489
Employee Benefits	3,499	-	3,499
Insurance	42,293	433	42,726
Legal and Professional	3,015	13,677	16,692
License	660	-	660
Lot and Title Fees	1,128	-	1,128
Miscellaneous	8,503	187	8,690
Office	-	5,236	5,236
Payroll Taxes	14,006	2,869	16,875
Postage and Delivery	-	2,951	2,951
Printing Expense	-	6,680	6,680
Property Taxes	7,381	-	7,381
Repairs and Maintenance	7,360	-	7,360
Supplies & Materials	34,455	7,387	41,842
Telephone	5,885	-	5,885
Uniforms	7,623	-	7,623
Utilities	14,864	-	14,864
Wages	156,081	31,313	187,394
<b>Total Expenses</b>	<b>\$ 350,976</b>	<b>\$ 74,223</b>	<b>\$ 425,199</b>

See accompanying independent auditors' report.

**Indian Lake Property Owners Association Inc.**  
**Supplemental Schedule of Functional Expenses**  
**Year Ended December 31, 2015**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Total</b>
Auto and Truck Expense	\$ 20,332	\$ -	\$ 20,332
Bad Debt	10,867	-	10,867
Contract Labor	-	7,033	7,033
Dues and Subscriptions	2,705	-	2,705
Employee Benefits	12,545	-	12,545
Insurance	33,856	433	34,289
Legal and Professional License	3,015	16,617	19,632
Lot and Title Fees	228	-	228
Miscellaneous	163	-	163
Office	4,334	122	4,456
Payroll Taxes	-	7,263	7,263
Postage and Delivery	12,442	2,494	14,936
Printing Expense	-	5,925	5,925
Property Taxes	-	5,386	5,386
Repairs and Maintenance	8,067	-	8,067
Supplies & Materials	9,134	-	9,134
Telephone	55,219	5,102	60,321
Uniforms	6,439	-	6,439
Utilities	5,463	-	5,463
Wages	14,068	-	14,068
	131,367	26,337	157,704
<b>Total Expenses</b>	<b>\$ 330,243</b>	<b>\$ 76,712</b>	<b>\$ 406,955</b>

See accompanying independent auditors' report.

**Indian Lake Property Owners Association Inc.**  
**Supplemental Schedule of Functional Expenses**  
**Year Ended December 31, 2014**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Auto and Truck Expense	\$ 30,804	\$ -	\$ 30,804
Bad Debt	16,976	-	16,976
Contract Labor	-	92	92
Dues and Subscriptions	285	-	285
Employee Benefits	10,811	-	10,811
Insurance	31,462	433	31,895
Legal and Professional License	2,725	13,988	16,713
Lot and Title Fees	1,741	-	1,741
Miscellaneous	684	-	684
Office	49,094	517	49,611
Payroll Taxes	-	8,289	8,289
Postage and Delivery	12,372	2,480	14,852
Printing Expense	-	8,065	8,065
Property Taxes	-	1,826	1,826
Repairs and Maintenance	8,030	-	8,030
Supplies & Materials	8,674	-	8,674
Telephone	54,228	5,517	59,745
Uniforms	7,482	-	7,482
Utilities	5,055	-	5,055
Wages	14,921	-	14,921
	<u>127,633</u>	<u>25,588</u>	<u>153,221</u>
<b>Total Expenses</b>	<u>\$ 382,977</u>	<u>\$ 66,795</u>	<u>\$ 449,772</u>

See accompanying independent auditors' report.



# KEAN & COMPANY<sup>LLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

*Where Personal and Professional Service Is Everything*

November 22, 2017

Board of Directors of  
Indian Lake Property Owners Association Inc.  
Cuba, Missouri

We have audited the financial statements of Indian Lake Property Owners Association Inc. for the years ended December 31, 2016, 2015 and 2014, and have issued our report thereon dated November 22, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 3, 2017. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Indian Lake Property Owners Association Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal years of 2016, 2015 and 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the projected uncollectible membership dues is based on historical collection trends and current statuses of collection efforts. We evaluated the key factors and assumptions used to develop this estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the accounts receivable in Note 1 to the financial statements discusses the Organization's inherent inability to collect all assessed membership dues. Despite thorough collection efforts, some balances must be considered bad debt and written off as such. An estimate for allowances of bad debt have been determined by management, so that netted with accounts receivable, the fees that are projected to be collected are transparent.

The disclosure of the Organization's property and equipment in Note 2 to the financial statement discusses the issue of missing documentation and management's inability to substantiate the costs of their fixed assets.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 22, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of Indian Lake Property Owners Association Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Kean & Company, LLC





# KEAN & COMPANY<sup>LLC</sup>

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors of  
Indian Lake Property Owners Association Inc.  
Cuba, Missouri

*Where Personal and Professional Service Is Everything*

In planning and performing our audit of the financial statements of Indian Lake Property Owners Association Inc. as of and for the years ended December 31, 2016, 2015 and 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Indian Lake Property Owners Association Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in Indian Lake Property Owners Association Inc.'s internal control to be material weaknesses:

The Organization does not have a written document retention policy. In order to substantiate costs of expenses documentation should be retained for a stated period, generally seven years, from the end of the fiscal year that the expense is incurred or an income is earned/received. Documentation pertaining to the costs of fixed assets should be retained for the duration of time the fixed asset remains on the balance sheet, plus the stated retention period. Without such documentation the basis of long-lived assets cannot be proven.

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. We consider the following deficiencies in Indian Lake Property Owners Association Inc.'s internal control to be significant deficiencies:

An annual review of the fixed assets should be reviewed in order to substantiate the property and equipment still in use in the Organization. Over time assets will become obsolete, stolen, or impaired and must be removed from the financial statements. Review and adjustment of these fixed assets should be done periodically.

This communication is intended solely for the information and use of management Indian Lake Property Owners Association Inc., and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Kean & Company, LLC  
Rolla, Missouri  
November 22, 2017