

SHHA Finance Committee Financial Review of 2025

Seven areas were identified to be reviewed by members of the Finance Committee covering 2025 operations. The review work papers are on file in the SHHA office for inspection. The areas of review & comments are as follows:

Payroll

Payroll from October 21 to November 3 were reviewed. Timecards were signed by employees. Process for completing & approving timecards was reviewed. Amounts withdrawn from bank accounts reconcile with payroll records. No follow-up was required.

QuickBooks

July 2025 QuickBooks entries/results were reviewed. 17 tests/audits were performed. Some of the items reviewed included reconciliation of all cash accounts, review of largest expense accounts, review of budget variances of more than 20%, tram ticket sales, dues collection, retained earnings, spot check of invoices with corresponding ledger entries and dual check signatures when required.

Tram pass sales were recorded net of Square Fees (credit card processing fees). A better practice is to record sales at full price collected and then expense the Square Fees. Correction of 2025 sales was completed in October 2025. Prepaid postage was recorded inconsistently. Going forward, postage expense will be recognized as postage is added to postal meter. Other process issues regarding NM Gross Receipts taxes (NMGRT) collected for GRIT & Directory advertising were identified. An audit of transactions was conducted, and corrections were made in October 2025. A monthly close process for NMGRT has been developed.

Dues

Review completed in July 2025. Sandia Peak Utility Company monthly dues report was compared to SHHA's count. The lists differ by 6 accounts (less than 1%) and were deemed not material and could be attributable to timing differences. No follow-up was required.

Advertising

The review was completed in October 2025 and no issues were identified.

Tram Passes & Square Purchase Processing

The review was completed in October 2025 with ticket sales reconciled. No follow-up was required.

Security

Historically, this review included a review of electronic file retention/backup practices as well as other Information Technology reviews. A new review process needs to be identified and implemented; therefore, no reviews of file retention/backup practices were reviewed.

The review was completed in June and September 2025. Both reviews confirmed committee chairs have office keys, SHHA officers have been identified as contacts for alarm company and for Sandia Heights Security, SHHA laptops have password protection and QuickBooks is also available via authorized users with passwords.

Employee Health Insurance Disbursements

The review was completed in November 2025. Both employees participate in health insurance premium reimbursements. Verified billing of health, dental and vision insurance premiums were less than \$400 monthly cap. Billings were compared to expense entries. No exceptions were noted. It was noted W-2 statements for employees will include reimbursements as other income. No follow-up was required.

SHHA Internal Financial Review Process

The Treasurer will plan the annual assignments and timing of the audits. The timing of the audits will be a surprise, unannounced to the office staff and conducted on a random basis. Each committee member will participate in one or two areas of the audit and the areas may be rotated amongst the members to involve each member in as many different areas as possible.

The main areas of the audit process are Revenue and Expenses.

Revenue: dues collection, advertising, interest earned/certificates of deposit, Tram pass tickets sold and bank statements.

Expenses: Payroll, legal, office expenses, rent, printing costs and any unusual items noted.

Areas to be audited:

1. Payroll
2. QuickBooks
3. Dues
4. Advertising
5. Tram Passes
6. Security
7. Employee Health Insurance

1. Payroll – Background

The SHHA office is normally staffed from 9-4 Monday-Friday. We currently have two employees working at the SHHA office. One employee works Monday through Thursday and the other Tuesday through Friday. The employee working Friday will normally work from 9-5 Tuesday – Friday. The employee not working on Friday will normally work from 8-4 Monday-Thursday. That then makes for a 32-hour workweek for both. The hours worked by each employee are on a separate time-card timesheets.

SHHA currently has contracted with Paychex to calculate employee pay and employment taxes based from the hours worked per week. Paychex electronically deducts the needed funds from SHHA's bank account to electronically deposit staff pay, taxes and its own fees into the proper bank accounts.

Paid Time Off (PTO) and vacation is reported on the Paychex system. Paid Time Off days are reported to Paychex via bi-weekly timesheets. Paychex reduces the amount of PTO/vacation available to the employee.

2. Payroll – Review Process

- a. Pick 2 different weeks during the previous 12 months to scrutinize for this review.
- b. Review payroll timecards for hours worked during those weeks by each employee (the hours worked may include PTO).
- c. If there is a PTO spreadsheet, review the PTO hours and compare it to the timecard.
- d. Ensure PTO has authorized initials from Treasurer or President (signature on timesheet is authorization).
- e. Compare the hours worked (including any PTO) to the invoices from Paychex for those 2 weeks.
- f. Look at the Bank Statements for the months that include those 2 weeks and check that the amounts withdrawn match the Paychex invoice for: 1) Employee pay, 2) Employee and SHHA withholding, and 3) Paychex invoice fee.

Payroll

Review performed by: LARRY DRAGAN Date of review: 7-2-25

Findings/Notes: TIME CARDS FOR THE PAY PERIOD (2 WEEKS)
OCT. 21 - NOV. 3, 2024 WERE REVIEWED. THE TIME
CARDS WERE SIGNED BY THE EMPLOYEES AND
OUR TREASURER. ONE EMPLOYEE HAD AUTHORIZED
PAID TIME OFF (PTO) OF 5 HOURS. THE HOURS WORKED
MATCH THE INVOICE FROM PAYCHEX.

Follow-up needed: No

Yes Comments: THE BANK STATEMENTS MATCH
THE PAYCHEX INVOICE.

2. QuickBooks

Select the month to be reviewed (must be between July of the prior year and current month) and have QuickBooks detailed monthly reconciliation report, all Monthly Financial Reports and QuickBooks folder with invoices paid retrieved from files.

Section 1

- a. Review Profit and Loss Compare for review month and validate following totals:
 1. Tram Pass tickets Sold
 2. Membership Dues
 3. Two largest Expense Totals
- b. Review Balance Sheet for review month and validate following totals:
 1. Checking
 2. Business Investor Fund
 3. Retained Earnings
 4. Net Income as compared to Net Income on Profit and Loss Compare.
- c. Review Budget to Actual for review month and validate all items with a difference of +/- 20%.

Section 2

- a. Ensure Bank Statement has been reconciled for the month selected.
- b. Select five highest \$ transaction amounts from QuickBooks ledger or Bank Statement.
- c. Review paid expenses, look at the invoices and the checks and compare to QB ledger.
- d. Checks must be signed by an officer. Each officer must have proper bank signature authorization with the Bank of Albuquerque.
- e. Checks that are posted to a particular committee(s) must have approval from the Committee Chairperson via initials on the stamp on the invoice.
- f. Checks made out to an officer must be signed by someone other than themselves.
- g. A check request form must accompany any invoice if the reimbursement is made to a Board member over \$500.

h. Verify that all checks over \$2,500 have two signatures except checks to payroll processor.

QuickBooks

Review performed by: _____ Date of review: _____

Findings/Notes: _____

Follow-up needed: No ___

Yes ___ Comments: _____

2. QuickBooks

Select the month to be reviewed (must be between July of the prior year and current month) and have QuickBooks detailed monthly reconciliation report, all Monthly Financial Reports and QuickBooks folder with invoices paid retrieved from files.

Reviewed July 2025 – worked with Trish, Office Manager to remediate issues through several sessions which concluded in November 2025.

Section 1

a. Review Profit and Loss Compare for review month and validate following totals:

1. Tram Pass tickets Sold – reviewed the tram tickets sold via comparing the CMS database and the square report and the checks received. Discovered the total for the tram passes has been recorded net of the Square processing fees. Discussed with Trish and this changed last September when the SHHA started accepting credit cards for Tram passes. We need to redo the process for this tie out and gross up the tram passes amount for the square fees and record the square fees to the income statement.
2. Membership Dues -Membership dues were reviewed and validated with the Sandia Utility Contract and deposits without exception.
3. Two largest Expense Totals – Reviewed the office lease \$2,677.61 and membership and activities balances \$3,715.69 which was comprised of several expenses for the cookout held in July and some t-shirts/magnets that were bought for volunteers to wear at future SHHA events. The expenses were validated without exception.

b. Review Balance Sheet for review month and validate following totals:

1. Checking – reviewed balance, reconciliation and bank statement and they all matched without exception.
2. Business Investor Fund - reviewed balance, reconciliation and bank statement and they all matched without exception.
3. Retained Earnings – reviewed for reasonableness and noted reserves have not been updated for some time and there is no support for the reserves. The Finance Committee has been working on a policy to update reserves to update them at least annually with the 2026 budget process.
4. Net Income as compared to Net Income on Profit and Loss Compare. – Reviewed for reasonableness and we have more income than expected as we have less legal expenses and more member dues and tram passes sold than budgeted.

c. Review Budget to Actual for review month and validate all items with a difference of +/- 20%.

Overall Net Income was \$5,877.48, exceeding the \$874 budgeted, due to \$1,000 more in Tram pass sales and \$600 more in member dues. Legal expenses were budgeted at \$8,300 but none were incurred. The CS Membership Committee spent \$3,715.99 on a member cookout (vs. \$200 budgeted) and \$2,630.02

on t-shirts and magnets for volunteers. \$900 of the cookout cost was sponsored and reimbursed in August 2025.

Section 2

a. Ensure Bank Statement has been reconciled for the month selected. Confirmed using balance sheet, bank reconciliation, and bank statement.

b. Select five highest \$ transaction amounts from QuickBooks ledger or Bank Statement.

Did not select Payroll checks as they are tested separately.

1. Sandia Heights Rent \$2,677.51
2. Dynamic Marketing & Design \$2,630.02 – this was a debit charge which was validated by email from SHHA President.
3. Ryan Showers \$1,395.79 – Web Master paid through debit card and approved by Heidi
4. Sam's Club \$539.21 food for Barbecue approved by SHHA President
5. Print Express LLC \$1,474.75 for GRIT printing and mailing expenses

c. Review paid expenses, look at the invoices and the checks and compare to QB ledger.

d. Checks must be signed by an officer. Each officer must have proper bank signature authorization with the Bank of Albuquerque.

e. Checks that are posted to a particular committee(s) must have approval from the Committee Chairperson via initials on the stamp on the invoice.

f. Checks made out to an officer must be signed by someone other than themselves.

g. A check request form must accompany any invoice if the reimbursement is made to a Board member over \$500.

h. Verify that all checks over \$2,500 have two signatures except checks to payroll processor.

QuickBooks Review performed by: Andrea Edmonds Date of review: 8/29/2025 Findings/Notes: Follow-up needed: No ___ Yes X Comments:

Follow up is needed for tram pass process and the new Square process implementation as of September 2024. We need to assess whether we want to go back in time to September 2024 and correct it since the financial statement review was done as of 12/31/2024 by a third party. Or if we want to start in Jan 2025 and correct the financial going forward. Currently, Revenue does not reflect the Tram Pass fees paid to Square, and Expenses do not include the processing fees incurred for credit card transactions handled by Square.

Reserves also need to be reset based on a reasonable estimation and analysis. The SHHA Finance Committee is working on updating the policy and process by the end of 2025.

Also noted we are recording prepaid postage inconsistently and we are cash-based accounting so we really should expense postage when we pay for it. The office admin can track the usage of the balance for operational purposes using the online app.

Generally, the SHHA accounting duties can benefit from a monthly close check list where items are performed consistently, and task performer is separated from the task reviewer. This will drive consistency and accuracy for the SHHA financial statements. When processes change like the SHHA accepting credit cards for Tram passes the financial processes need to be reviewed for impacts and process changes.

Remediation: Andrea worked with Trish to create a process to gross up the monthly square fees for advertising, tram passes sold, and ACC review fees. The process was implemented for October 2025 month end close and Trish and Andrea went back from January 2025 to September 2025 and recognized the fees and income correctly. We did not go back and change 2024 as the financial statements were already reviewed by the CPA for that 2024 and the change does not have a tax impact as it does not change the income statement.

I also noted when reconciling the square fees, the GRIT and Directory Advertising was not always consistently invoiced and that led to issues recording NM Sales Tax for the advertising and submitting it timely for the NM Sales Tax Authorities. Trish and I went back through all GRIT and Directory Advertising and identified cash receipts that should have been invoiced with NM Sales Tax. We found issues in October 2024 and July 2025 and we invoiced the advertising correctly and refiled the NM Gross Receipts reports with the correct numbers. At the time of filing in November the revised reports were accepted by the State of NM and they said they would send correspondence about penalty and interest assessments for the corrected filings which we should receive and pay by the end of 2025. I documented a monthly close process which includes the steps to invoice the GRIT and Directory advertising vs. record as a cash receipt so our NM Sales Tax is paid timely to the State of NM in the future.

The Treasurer had already requested Trish to expense the postage when SHHA purchases it September 2025, so the postage is now stated correctly for the cash basis organization.

3. Dues

- a. Verify monthly dues report from Sandia Heights Services for the selected month.
- b. Obtain the SHHA Board approved month financial statement for the selected month from the Treasurer's filing cabinet.
- c. Compare the number of members billed and the total accounts receivable on the internal SHHA report with the report obtained from Sandia Heights Services.
- d. Investigate any differences identified.
- e. Obtain SHHA QuickBooks reconciliation and monthly bank statement for month selected.
- f. Compare SHHA membership statement (dues) received from SHS with deposited amount on Bank statement and QuickBooks.
- g. Reconcile any differences identified.
- h. Compare number of members billed on Sandia Heights Services report with number of members in internal Joomla database.

Complete report, noting any required follow-up or comments, findings, sign, and insert in Review Binder.

Samples and copies of dues statement and bank statement showing deposit attached.

Dues

Review performed by: _____ Date of review: _____

Findings/Notes: _____

Follow-up needed: No ___

Yes ___ Comments: _____

3. Dues

- a. Verify monthly dues report from Sandia Heights Services for the selected month. Verified for July 2025
- b. Obtain the SHHA Board approved month financial statement from the Office Admin from Quick Books. Confirmed
- d. Investigate any differences identified.

Confirmed with Trish the SHHA Internal Excel report is the most accurate as she and the other office admin both update the report. The Internal excel report and Sandia Heights services are only off by six members, which could be timing and is immaterial.

- e. Obtain SHHA QuickBooks reconciliation and monthly bank statement for month selected. Obtained
- f. Compare SHHA membership statement (dues) received from SHS with deposited amount on Bank statement and QuickBooks.

The SHS report confirms they charged \$28,573.49 for July 2025, depositing \$26,323.27 into QB and shown on the bank statement. The \$2,250.22 difference is the agreed processing service fee (\$2,119.10 + NM GRT 6.1875% \$131.12), recorded as the Sandia Heights Services fee on the July 2025 income statement.

- g. Reconcile any differences identified. No differences were identified
- h. Compare number of members billed on Sandia Heights Services report with number of members in internal CMS database.

Sandia Heights Services billed 1867

SHHA Internal Excel Report 1873

SHHA CMS Database 1896

Complete report, noting any required follow-up or comments, findings, sign, and insert in Review Binder. Samples and copies of dues statement and bank statement showing deposit attached.

Dues Review performed by: Andrea Edmonds Date of review: August 29th, 2025

Findings/Notes: No findings were noted during review.

Follow-up needed: No Yes ___ Comments:

Reminder – You are looking at this year’s GRIT/Directory fee schedule and last year’s invoices/deposits.

4. Advertising

- a. Review Advertising Revenue. This can be done by using the Sales-by-Item Detail from Quick Books (QB).
- b. Review current advertising rates sheet and QB ad rates. Refer to 20XX SHHA Commercial Advertising Rate Card and again Sales-by-Item Detail from QB. Verify that correct sales tax is listed on Rate Card.
- c. Review invoices. This can be accomplished by reviewing the 20XX SHHA Commercial Advertising Rate Card and invoices chosen from QB. Invoices can be chosen by looking at the Sales-by-Item Detail from QB.
- d. Compare QB to deposits made. Compare Sales by Item Detail from QB to deposits made into SHHA bank account.
- e. Compare GRIT to revenue based on size of ad and number of placements. Again, Sales by Item Detail can be used.
- f. Compare Directory to revenue based on size of ad and number of placements. Again, Sales by Item Detail can be used.
- g. Compare sales tax received versus payments to state of New Mexico. Use Account ~~Quick Report~~ ^{Transaction Report} from QB for Sales tax payable and sales tax liability report.

Taxable Sales Detail
~~Transaction Report~~
~~Taxable Sales Detail~~

~~Sales Tax~~
Sales Tax
Liability
Report

Samples and copies of Ad Rate Sheets, invoices, deposits and QB report attached.

Advertising

Review performed by: Carnie Abajian

Date of review: 10/17/25
10/24/25
11/7/25

Findings/Notes: Everything checks out.

Follow-up needed: No

5. Tram Passes & Petty Cash ^{Square + Checks} ^{for 2 random months CMS}
- Review the number of Tram passes sold from the exported Joomla CSV to the excel sheet. The excel heading ~~Payment Received Date x Current Rate = Ending Balance~~.
 - Take the ending balance and compare to petty cash ^{Square} entries and check deposits, as well as to compare QuickBooks and Joomla ^{CMS} month totals.

Samples and copies of ^{Square deposits} petty cash, cash deposits, check deposits, and exported Excel sheet from Joomla ^{CMS} reports attached.

Tram Passes & Petty Cash

Review performed by: Carrre Abajian Date of review: 10/17/25

Findings/Notes:	August 2025	November 2024
CMS	\$ 2480	\$ 1470
Check deposits	\$ 50	\$ 240
Square (gross)	\$ 2930	\$ 1470
Square (net)	\$ 2355.27	\$ 1194.29
QBs*	2550.92 - 50 - 213.38 + 67.73 = \$2355.27	1473.15 - 240 - 38.80 = \$1194.29

Follow-up needed: No

Yes Comments: _____

* QB is 1 business day behind. Therefore, subtract square deposit from 1st business day of the month you are looking at and add Square deposit from 1st business day of next month to balance.

6. Security

- a. Verify that office keys are assigned to Officers and Committee Chairs only and that the extra keys are kept in a safe place under lock and key.
- b. Verify that the alarm company has Officers' name and contact phone numbers.
- c. Verify that Sandia Heights Security has Officers' name and contact phone numbers.

Security

Review performed by: _____ Date of review: _____

Findings/Notes: _____

Follow-up needed: No __

Yes __ Comments: _____

SECURITY REVIEW

Performed by: RW TRIPP

Date of review: 09/10/2025

- A. Backups confirmed by ITC Chair Heidi Komkov as fully automated on a cyclic basis to iCloud.
- B. Office keys issued to all committee chairs with additional keys kept under lock & key confirmed by Trish Lovato.
- C. Alarm company has officers names (Stewart, McCaughey, Ewing, Dragan) as well as associated phone numbers. Confirmed by Trish Lovato 09/05/2025.
- D. Sandia Heights Security has officer names (Stewart, McCaughey, Ewing, Dragan) as well as associated phone numbers. Confirmed by Trish Lovato 09/09/2025
- E. All computers and laptops are accessible exclusively via passwords as demonstrated and or attested to by Trish Lovato.
- F. QuickBooks may be accessed via password and authenticator software.

Comments: With the dissolution of the ITC, backups as noted in item 'A' will likely fall under office staff tasks. Outdated protocols under "Data Backup and Restoration" require review/revision.

8. Twice annually – June and December a recovery is verified on the Office laptop. Verification includes that we can successfully restore and work from the backup. This process is noted on a sign out sheet with name and date.

All routine hard copy documents will be retained for 5 years. Legal and tax files and historical community plans will be kept indefinitely. **Approved by Board**
1/11/2011

Security

Review performed by: Jerry Drogan Date of review: 6-30-25

Findings/Notes: VERIFIED THAT: OFFICE KEYS ONLY TO OFFICERS & COMMITTEE CHAIRS, ALARM COMPANY HAS OFFICER NAMES & NUMBERS, SANNIA HEIGHTS HAS OFFICER NAMES & NUMBERS, PASSWORDS ARE USED FOR COMPUTERS, AND A PASSWORD IS USED TO ACCESS QUICKBOOKS

Follow-up needed: No

Yes Comments: _____

7. Employee Health Insurance Disbursements

- a. Review the insurance invoice on file for each employee.
 - b. Review the monthly Insurance Premium disbursement (QuickBooks insurance staff premium) for each employee.
 - c. Verify insurance invoice is for current fiscal year and is equal to or greater than the monthly disbursement for each employee.
- Verify monthly disbursement for each employee does not exceed \$400.00, which is maximum amount approved by the Executive Committee.

Samples and copies of insurance invoice/quote, and Quick Book reports are attached.

Review performed by: Charles Ewing

Date of Review: November 20, 2025

Findings/Notes: Both employees are subject to this review. Employees submit statements for health, dental & vision insurance premium reimbursement. Copies of the statements are recorded electronically. All statements were reviewed & compared to expense account entries to "Insurance Staff Premium". No exceptions were found. Monthly payments were all less than \$400 per employee. Through November 20, 2025 this expense was \$3,212.61.

Follow-up needed: No

Yes X Comments: Payment of premiums by SHHA should be treated as part of wages according to SHHA's CPA Chrystal Thompson. Thompson was consulted as this review was being completed. 2025 W-2 will reflect this compensation