



**Board of Director's Regular Meeting Agenda
6:30 PM on August 31st, 2023 - Hybrid Webex/Kennewick Library 1620 S Union**

Join from the meeting link

<https://shadowrunatcanyonlakeshoa-850.my.webex.com/shadowrunatcanyonlakeshoa-850.my/j.php?MTID=m7e2f43abc9cdd4b05dc0d430371b4b75>

Join by meeting number

Meeting number (access code): 2631 500 2177

Meeting password: B27eHHDP3Rw (22734437 from phones and video systems)

Tap to join from a mobile device (attendees only)

+1-650-479-3208,,26315002177#22734437# United States Toll

Some mobile devices may ask attendees to enter a numeric password.

Join by phone

+1-650-479-3208

*****currently UNAPPROVED MINUTES*****

Call to order: 6:47 PM

Guest(s): Brock A, Heather J, Heidi W, Jeremy G, Brenda S, Brian, Ben, Angi M, Brian from PUD.

Absent:

Call for Ad-Hoc Agenda Items (Will be added to the end of the planned Agenda)

Secretary's report:

- Approval of regular minutes on these dates: 7/26/2023 Regular Meeting
 - Made requested edits and approved by board

Treasurer's report:

- Financial reports- still outstanding balance even with large balances paid from some properties. 33 did not pay July. Something to look at shortages affecting budget and expenses.
- Liens/delinquencies - 6 Liens
- 2023 Reserve Study- completed. Will send to Brock to post to website.
- QB online for next year

Old Business:

- On-line payments - still interest. No update.
- Request for more lighting at mailboxes- Einar getting quotes for labor. No update.

New Business:

- Landscaping Update (Jesse's) - yellowing (main park) and dead trees along perimeter.
 - Getting Tree Quotes- Dirk to get info to Job's.
 - Brian Cramer with PUD (tree specialist) might call in and talk about our dead trees, he says our landscaper is killing them with mowers and trimmers and will remind us the right breeds for replacement. Spoke about 2018 tall Maple trees growing into power lines and eventually PUD removed. New maples planted that are hot wing and don't grow as tall. Some have been replaced again with tall maples again. Brian recommends low growing trees so they don't hit the power lines. The dying trees are being damaged by Jesse's Lawn Mower and the bark is being hit off. To avoid that he recommends a ring around trees to have a barrier and have mulch or bark so lawn mower doesn't hit it. Trees in high voltage power lines can cause sparks and outages. Keep in contact with Brian with what is decided with quotes and planting new trees.
 - Jesse's worked on sprinklers on 8/3- looking a tad better. 36th still looks very bad in parts. Need to talk to Jesse's again.
 - If any big landscaping maintenance needs done, I need to get a list so it's on next year's budget.
 - Einar said there are issues with landscaping so may need to look at getting bids again for the next contract.
- Updates from Rules Committee (Robert)- no new updates since fee structure was not approved.
 - Rules must follow federal, state and local laws per RCW's. Laws always supersede. Rules must be very clear. In a legal battle windows are not spelled out so the rules are murky in that. They need to be clearly written/equally enforced. There are rules we have that violate state and local laws. Basically it is a big mess because it is not clearly written.
- Heather mentioned windows should be enforceable because it makes the front of the home look bad. She is upset it was motioned for her removal and directed at Robert that she thinks he thinks it is because she doesn't like her neighbor. She says this is not true and that no matter what homeowner it was the violations would stand. She went over the history since she started the community improvement committee. Doesn't really want to be the chair but agreed to to get the committee started back in March. Heather and Morgan were the only ones participating and made lists near them and then proceeded to go through the whole neighborhood of any issues in the neighborhood. Above Ground Pools were brought up due to an ACC application back in May/June. Heather is worried about crappy pools decreasing values when not being maintained like her neighbor.
- Homeowner has complained about harassment.
 - Einar asked "Can you objectively perform your duty on the committee?" Was not comfortable with statements made off the record. Vote was 3-2 last meeting to keep Heather. A board member was supposed to speak with Heather since last board meeting. No discussion was done. Einar suggested we could have the conversation now. He read from last meeting about windows.
- Window letters have not gone out yet and an extension needs to be sent based on the vote from last meeting. Robert proposed unvoting what we did because it is a lawsuit waiting to happen with gray area if letters go out with window replacement demand.
 - Robert made a motion to temporarily cease the enforcement of oxidized/broken seal windows for 12 months and retract the violation issued to Hollenbeck. Dirk seconded. Vote:5-0 passed unanimously.
 - Morgan to follow up on tomorrow on retraction of window letter. Einar to send letter.
- 2022 CPA Audit Annual Audit
 - \$2500 quote from Tri-Cities CPA (Last years firm used)
 - Einar motioned to move forward with Tri-Cities CPA. 5-0 all approved
 - \$3000 quote from PNW CPA.

- Violations
 - How are we handling the letters?
 - Stephanie needs help with photos but she is okay to do the letters. (Robert, Dirk and Einar agreed to help with photos)
 - Need the neighborhood fully canvassed.
 - Folder in the google drive about violations
- Reserve study was completed
 - Einar to work with Brock on website additions on financials

Close Session if needed

Motion for Executive Session, Pursuant to RCW 64.38.035. “I move that the Board enters a closed session to discuss the following item or items...”:

- Liens and Delinquencies and Legal Correspondence if needed

Re-Open Session

Board Actions:

- Board will evaluate and decide on which 2022 audit company I think we have two valid proposals to review. Voted above.

Ad-Hoc Agenda Items:

- Legal Fees- Spencer Ward- Heather asked if homeowner will pay for legal fees with painting issue. It was association incurred so no.
- Question to Request to remove Heather from last meeting
 - Heavy discussion. See notes above.
- 2500 W 34th Ave- status
 - Pool has been covered with a tarp and bushes trimmed to clear sidewalk. The window letter will be retracted until a firm decision is made.
- Gift Basket to Hightower’s- Morgan will notify Tracey via email

Adjourn Meeting: 8:51 PM

Next Regular Meeting: Will be held Sept 28, 2023 at 6:30PM on WebEx (no in-person option)

Shadow Run Homeowners Assn. Check Detail June 1 through July 25, 2023

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Check		06/07/2023	DEBIT CARD		Checking Acco...		-28.26
				Office Supplies		-28.26	28.26
TOTAL						-28.26	28.26
Check		06/07/2023	DEBIT CARD		Checking Acco...		-63.00
				Postage		-63.00	63.00
TOTAL						-63.00	63.00
Check		06/01/2023	CRICKET WIRE...		Checking Acco...		-25.00
				Telephone Expe...		-25.00	25.00
TOTAL						-25.00	25.00
Check		06/05/2023	amazon		Checking Acco...		-75.00
				Meeting Expens...		-75.00	75.00
TOTAL						-75.00	75.00
Check		06/25/2023	WIX		Checking Acco...		-30.15
				Website Main.		-30.15	30.15
TOTAL						-30.15	30.15
Bill Pmt -Check	1357	06/03/2023	PODY & McDO...		Checking Acco...		-2,201.94
Bill	INV ...	03/31/2023		Homeowner Inc...		-14.00	14.00
				Homeowner Inc...		-28.00	28.00
				Homeowner Inc...		-29.50	29.50
Bill	INV ...	04/30/2023		Homeowner Inc...		-28.00	28.00
				Homeowner Inc...		-209.02	209.02
Bill	INV ...	04/30/2023		Association Incu...		-259.00	259.00
				Association Incu...		-37.00	37.00
				Association Incu...		-259.00	259.00
				Association Incu...		-74.00	74.00
				Association Incu...		-74.00	74.00
				Association Incu...		-259.00	259.00
				Homeowner Inc...		-148.00	148.00
				Homeowner Inc...		-259.00	259.00
				Homeowner Inc...		-37.00	37.00
				Homeowner Inc...		-74.00	74.00
				Homeowner Inc...		-17.00	17.00
				Association Incu...		-148.00	148.00
				Homeowner Inc...		-8.70	8.70
Bill	58642	05/31/2023		Association Incu...		-0.72	0.72
Bill	58891	05/31/2023		Association Incu...		-37.00	37.00
Bill	58892	06/03/2023		Homeowner Inc...		-59.00	59.00
				Association Incu...		-29.50	29.50
				Homeowner Inc...		-56.00	56.00
				Homeowner Inc...		-29.50	29.50
				Homeowner Inc...		-28.00	28.00
TOTAL						-2,201.94	2,201.94

Shadow Run Homeowners Assn.

Check Detail

June 1 through July 25, 2023

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Bill Pmt -Check	1358	06/03/2023	JESSE'S LAW...		Checking Acco...		-3,639.00
Bill	109...	05/17/2023			Landscaping Ma...	-1,457.67	1,457.67
Bill	109...	06/01/2023			Landscaping Ma...	-2,181.33	2,181.33
TOTAL						-3,639.00	3,639.00
Bill Pmt -Check	1359	06/22/2023	JESSE'S LAW...		Checking Acco...		-1,177.76
Bill		06/22/2023			Landscaping Ma...	-1,177.76	1,177.76
TOTAL						-1,177.76	1,177.76
Bill Pmt -Check	1360	06/22/2023	Morgan Gross...		Checking Acco...		-29.34
Bill		06/22/2023			Office Supplies	-29.34	29.34
TOTAL						-29.34	29.34
Bill Pmt -Check	1361	07/24/2023	Tracy Engel		Checking Acco...		-164.62
Bill		07/24/2023			Committee Exp...	-164.62	164.62
TOTAL						-164.62	164.62
Bill Pmt -Check	1362	07/24/2023	JESSE'S LAW...		Checking Acco...		-3,091.66
Bill	invio...	07/24/2023			Landscaping Ma...	-2,181.33	2,181.33
Bill	Invoi...	07/24/2023			Landscaping Ma...	-649.45	649.45
Bill	Invoi...	07/24/2023			Landscaping Ma...	-260.88	260.88
TOTAL						-3,091.66	3,091.66

Shadow Run Homeowners Assn. Profit & Loss Budget vs. Actual

Cash Basis

January through December 2023

	Jan - Dec 23	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
Fines	803.96	0.00	803.96
Interest	-350.09	0.00	-350.09
LATE CHARGES	672.34	0.00	672.34
Lien Expense Reimbursement	1,774.55	0.00	1,774.55
Membership Assessments	66,632.11	66,980.00	-347.89
Transfer Fees	175.00	0.00	175.00
Uncategorized Income	164.50		
Total Income	<u>69,872.37</u>	<u>66,980.00</u>	<u>2,892.37</u>
Gross Profit	69,872.37	66,980.00	2,892.37
Expense			
Bank Charges	31.80		
Committee Expenses	164.62	500.00	-335.38
Common Area Improvements	0.00	0.00	0.00
Continuing Education	0.00	250.00	-250.00
CPA Audit	0.00	2,000.00	-2,000.00
Electricity	239.08	530.00	-290.92
Income Taxes	0.00	0.00	0.00
Insurance	3,724.00	4,000.00	-276.00
Landscaping Maint. & Repair	21,186.85	33,000.00	-11,813.15
Legal Fees			
Association Incurred	1,464.22	2,000.00	-535.78
Homeowner Incurred	3,363.92	0.00	3,363.92
Total Legal Fees	<u>4,828.14</u>	<u>2,000.00</u>	<u>2,828.14</u>
Licenses	21.73	30.00	-8.27
Meeting Expenses(Annual Mtg)	670.10	350.00	320.10
Memberships	0.00	0.00	0.00
NSF Check	0.00	0.00	0.00
Office Supplies	279.00	300.00	-21.00
PO Box Rent	232.00	232.00	0.00
Postage	88.20	300.00	-211.80
Property Management	1,400.00	1,400.00	0.00
Property Taxes	186.71	200.00	-13.29
Reconciliation Discrepancies	-0.41		
Reserve Account	0.00	15,588.00	-15,588.00
RESERVE STUDY	800.00	800.00	0.00
Tax Preparation	150.00	300.00	-150.00
Telephone Expense	155.00	300.00	-145.00
Water (KID)	3,826.89	3,900.00	-73.11
Website Main.	576.06	1,000.00	-423.94
Total Expense	<u>38,559.77</u>	<u>66,980.00</u>	<u>-28,420.23</u>
Net Ordinary Income	31,312.60	0.00	31,312.60
Other Income/Expense			
Other Income			
Bank Interest	58.22	0.00	58.22
Total Other Income	<u>58.22</u>	<u>0.00</u>	<u>58.22</u>
Other Expense			
Reserve Account Expenditures	0.00	0.00	0.00
VOID	0.00	0.00	0.00
Total Other Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Other Income	58.22	0.00	58.22
Net Income	<u><u>31,370.82</u></u>	<u><u>0.00</u></u>	<u><u>31,370.82</u></u>

To Management
Shadow Run Homeowners Association
Kennewick, WA 99337

We are pleased to bid on the compiled financial statement services for Shadow Run Homeowners Association. The compiled financial statements include the annual balance sheet and the related statement of income, retained earnings, and cash flows for the year ended December 31, 2022, and the related notes to the financial statements.

Our Responsibilities

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the Company or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARS:

1. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
2. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. The prevention and detection of fraud.
4. To ensure that the Company complies with the laws and regulations applicable to its activities.

5. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
6. To provide us with—
 - Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - Unrestricted access to persons within Shadow Run Homeowners Association with whom we determine it necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Other Relevant Information

Darren J. Szendre is responsible for supervising the engagement. We estimate that our fees for these services will be \$2,500. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Signature of Accountant

President

Date

August 8, 2023

Board of Directors
Shadow Run Homeowners Association
Via email

Dear Board Members,

We are pleased to confirm our understanding of the services we are to provide for Shadow Run Homeowners Association for the period/year ending December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of Shadow Run Homeowners Association, which comprise the balance sheet(s) as of December 31, 2022, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the disclosures (collectively, the “financial statements”). The financial statements will include supplementary information about future major repairs and replacements required by the financial Accounting Standards Board (FASB). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it.

The objectives of our audit are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements

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may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any material errors that come to our attention, and we will inform you of any other violation of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditor.

We will obtain an understanding of the Association and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected owners, customers, creditors, and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We may also request written representations from your attorneys as part of the engagement.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Association from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud

affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations. You are responsible for the preparation of the required supplementary information about future major repairs and replacements. You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, receivables, and other confirmations we request and will locate any documents selected by us for testing.

Alena Alonichava is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately November 1, 2023 and to issue our report no later than December 31, 2023.

We estimate our fees for these services will be **\$3,000** for the audit. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoice is payable on presentation of the draft report.

Reporting

We will issue a written report upon completion of our audit of Shadow Run Homeowners Association's financial statements. Our report will be addressed to the board of directors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph, other-matter paragraph, or separate section to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

Alena Alonichava, CPA

RESPONSE:

This letter correctly sets forth the understanding of Shadow Run Homeowners Association.

Governance signature: _____

Printed name: _____

Title: _____

Date: _____