

# Cole & Associates, LLC

Certified Public Accountants

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July 10, 2024

Board of Directors  
Sunset Lakes Homeowners Association, Inc.

We are pleased to confirm our acceptance and understanding of the services we are to provide for Sunset Lakes Homeowners Association, Inc. (the Association) for the year ended December 31, 2024.

You have requested that we perform the following services:

- 1) We will prepare the financial statements of Sunset Lakes Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2024, 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 perform a review engagement with respect to those financial statements. Unless not provided to us, the required supplementary information about future major repairs and replacements of common property accompanying the reviewed financial statements will not be subject to our review engagement. In addition, the supplementary information contained in the Comparison Statements to Budget and Prior Year will be prepared and presented with the financial statements. Such supplementary information is the responsibility of management. We will not audit or review the information.

The objective of the preparation and review portion 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, and
- obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our review 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 applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when preparing the financial statements and performing the review engagement.

A review engagement includes primarily applying analytical procedures to your financial data and making inquiries of Association management. A review engagement is substantially less in scope than an audit engagement, the objective of which is the expression of an opinion regarding the financial statements as a whole. A review engagement does not contemplate obtaining an understanding of the Association's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents; or other procedures ordinarily performed in an audit engagement. Accordingly, we will not express an opinion regarding 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 Association or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our review procedures that indicates fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our review procedures regarding noncompliance with laws and regulations that may have occurred unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities since performing those procedures or taking such action would impair our independence.

The financial statement preparation and review portion of the engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with accounting principles generally accepted in the United States of America. You have the overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- a) 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.
- b) The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America.
- c) 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.
- d) The prevention and detection of fraud.
- e) To ensure that the Association complies with the laws and regulations applicable to its activities
- f) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- g) To provide us with –
  - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - Additional information that we may request from you for the purpose of the review engagement.
  - Unrestricted access to persons within the Association of whom we determine it necessary to make inquiries.
- h) To provide us, at the conclusion of the engagement, with a letter that confirms certain representations made during the review.

We will issue a written review report upon completion of our review of the Association's financial statements. Our report will be addressed to the management of the Association. In addition, the estimates of current or future costs of major repairs and replacements of common property that will be required in the future, if provided, will be presented, as required by the FASB, for purposes of additional analysis. Our report will not express an opinion, a conclusion, nor provide any assurance on such required supplementary information. The supplementary information accompanying the financial statements will be presented for purposes of additional analysis. Our report will state we did not audit or review the information and do not express an opinion, a conclusion, nor provide any assurance on it. We cannot provide assurance that an unmodified accountant's review report will be issued. Circumstances may arise in which it is necessary for us to report known departures from accounting principles generally accepted in the United States of America, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If, for any reason, we are unable to complete the review of your financial statements, we will not issue a report on such statements as a result of this engagement.

You agree to include our accountant's review report in any document containing financial statements that indicates that such financial statements have been reviewed by us and, prior to inclusion of the report, to obtain our permission to do so.

- 2) We will also:
  - Prepare your federal and state income tax returns for the fiscal year ended December 31, 2024.
  - Prepare any bookkeeping entries that we find necessary in connection with preparation of the income tax returns.

This engagement does not cover the preparation of any tax returns not listed above.

The objective of the tax services portion of the engagement is to prepare the tax returns in accordance with Statements on Standards for Tax Services issued by the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure to us of all relevant facts affecting the return(s). You also have final responsibility for the tax return and, therefore, the appropriate CIRA officials should review the return carefully before an authorized officer signs and files it.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

Our work in connection with the preparation of the tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without any verification by us.

In accordance with federal law, in no case will we disclose your tax return information to any location outside the United States, to another tax return preparer outside our firm for purposes of a second opinion, or to any other third party for any purpose other than to prepare your return without first receiving your consent.

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise you if we identify such a situation, and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit disclosure, we reserve the right to withdraw from the tax services portion of the engagement. Likewise, where we disagree about the obligation to disclose a position, you also have the right to choose another professional to prepare your return. In either event, you agree to compensate us for our services to the date of the withdrawal. Our engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

Certain communications involving tax advice may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us to not make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside advisor's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

The return(s) may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return.

Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent you.

**Other Relevant Information**

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skill, knowledge, and expertise to oversee our financial statement preparation and tax services. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

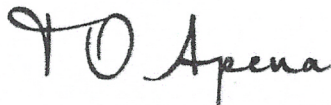
Dayo O. Apena, CPA is the engagement partner and is responsible for supervising the engagement and signing the report.

We estimate that our fees for the financial statement preparation, review services and tax services will be \$1,700. 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 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 acknowledge and agree with the terms of our engagement as described in this letter, please sign in the space provided and return it to us.

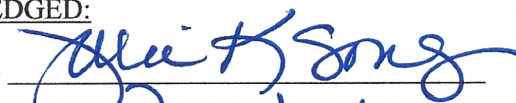
Very Truly Yours,



Cole & Associates, LLC  
Certified Public Accountants

ACKNOWLEDGED:

SIGNATURE



TITLE

President

DATE

Aug 20, 2024