



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, Avon, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

**To the Board of Directors
Sopris Village Homeowners Association, Inc.
Basalt, Colorado**

We have reviewed the financial statements of Sopris Village Homeowners Association, Inc. (the "Association") as of and for the year ended December 31, 2016. During our review, we became aware of the following opportunity to strengthen the Association's internal controls and operating processes. Summarized below are our comments and suggestion regarding such matters.

Segregation of Cash

At December 31, 2016, the Association held a single interest-bearing Alpine Bank checking account which included monies for both the Operating Fund and the Replacement Fund. In order to ensure that Operating Fund and Replacement Fund cash balances are correctly reported on the Association's financial statements, the Association should establish separate General Ledger accounts for each fund's cash balances and record related receipts and expenditures in those accounts as such transactions occur.

This report is intended solely for the information and use of the Board, management, and others within the organization and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

A handwritten signature in blue ink that reads "McMahan and Associates, L.L.C." in a cursive script.

**McMahan and Associates, L.L.C.
September 13, 2017**

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481