

Finance Committee Minutes of May 21, 2024

The Finance Committee was called to order at 7:46 PM. In remote attendance were Jeff Kretsch (Oakridge), Allison Powell (Foxfield) and Jennifer Hilt (Belmont). Catherine Neeley and Chris Rogers from PMP also attended. Roddy Dean (Morven Woods) attended but asked Catherine to emcee as he was calling in by phone (no video).

On a motion from Jeff, duly seconded by Jennifer, the agenda was approved by a vote of 4-0.

On a motion from Allison, duly seconded by Jeff, the minutes of the April 18, 2024 meeting were approved 4-0.

Roddy suggested and the committee agreed (without a vote) to allow Chris to discuss the audit report as he had to leave the meeting soon. Chris noted that we finally received the 2022 Draft Audit. There were several items that PMP disagreed with regarding material weaknesses. This is the first year that Goldklang Group, CPAs, PC has done the CountrySide Audit. (1) Goldklang does not like that Country Side carries a line item of Unrealized Gain/Loss. They suggest that we carry face value only. Chris stated that prior audit firms have asked us to carry that line item. It is an asset and contra-asset account used to record probable interest on CD's and what interest CountrySide would lose if a CD were to be cashed early. PMP has never seen this listed as a material weakness. (2) Goldklang also noted a weakness in the prior year beginning reserve account balances, but they did not ask why end of year adjustments (2021) were not posted. (3) Goldklang says that the pipestem account is also a material weakness in that Chris watches the pipestem payments and when all accounts are paid, he then makes the Reserve transfer in the same year, he does not hold over money from year to year to make the Reserve transfer. (4), Goldklang does not like left over budgeted money moved into reserves for future expenses. (Example- \$5,000 budgeted for HPR but only \$2,000 is spent, so Chris moves that money into a reserve account for HPR for future expenses.) We do that with snow removal, dangerous tree removal and a few other accounts. Goldklang suggests that we book expenses as incurred and make any adjustments in the following year. (5) Finally, Goldklang suggests that we book the office lease as a prepaid item, not as an expense. Which means we carry the lease as an asset. This would mean that since it is an asset it carries value to the community and we would then be able to sell that asset if necessary. (6) Catherine pointed out that Goldklang suggested we should stop accepting cash. She is not sure that is workable as some residents in CountrySide do not have bank accounts. Would we turn someone away that wanted to pay past due payments in cash?

Roddy joined on-line (video) and assumed the chair from Catherine. He also thanked everyone for moving the meeting to 7:45 so that we could have a quorum.

Chris agreed to write up a response from PMP about the audit that can be attached to the audit for future use and that can be reviewed by the Board. Jeff noted

that the tone of the audit changes through the course of the documents. Starting off as though everything is well, no disagreements with management, the financials were clear and concise, then changing tone to material mis-statements and suggesting opportunities for fraud in the document. He has concerns about someone outside of this committee, the Board, or PMP reading this audit, that the audit would be misconstrued. Jeff asked and Chris and Catherine agreed to seek clarification about these items from Goldklang.

There was discussion about the audit firm and how CountrySide was handled by Goldklang, many deadlines missed, should we continue with the same audit company. Jeff wanted to know if there were any sanctions we can take against the firm due to the lack of professionalism. Jennifer asked what general turn around time for an audit should be.

Ash Dean (Rokeby) joined the meeting.

Allison asked about a procedure to engage a new firm. Chris pointed out that we are late for 2023 and that if we are going to change firms, we need to jump on it NOW. Roddy wanted to know if we could get one of the principals from Goldklang in front of either the finance committee or the Board. Catherine says it is not uncommon to ask for a personal meeting, however there may be a cost involved. Chris will get an email out to the finance committee so that we can decide if we want to incur a possible expense for the phone call if necessary. The committee does not want to accept the audit as written without some statements from Goldklang stating it could be a difference of opinion.

Chris had to leave the meeting.

Catherine Neely gave an update on the April Financial reports which covered the Balance Sheet, Comparison Income statements (Year to year and year to budget), The Proforma report, the Detailed Income statement and the Proforma report. Catherine also presented the bank reconciliations on all checking accounts. The question was presented - do we need \$52,000 in Pipestem checking (1110) and \$66,000 on Pipestem cash (1120)? On a motion from Jennifer, duly seconded by Jeff, it was agreed to put \$75,000 in a CD at best rate. There was discussion about adding more from Morgan Stanley Pipestem cash to make it \$100,000, but the Morgan Stanley amount of \$38,000 may not be right. The motion stayed at \$75,000. The motion passed 5-0.

Question about all the pipestem money being collected for the year. Catherine will check with Chris. Catherine later stated that there is only one billing per year for the Pipestem assessment, so all the money for the year has been collected. It was noted that Reserve income is up a little due to higher rates. No further questions on the financial statements.

On review of the Morgan Stanley investment spreadsheet, it was noted that there was \$135,000 in cash in General Reserves and \$111,000 in Townhouse reserve cash.

On a motion from Ash to take \$125,000 from General Reserves cash and a \$100,000 in Townhouse Reserves cash and invest in CDs to continue our investment ladder. The motion was duly seconded by Allison. On discussion, Ash amended the motion General Reserve is to mature in 1st Quarter 2027 and the Townhouse CD to mature in the last Quarter of 2026. Allison agreed with the amendment. The motion carried 5-0.

Past due accounts were reviewed. The question was how did the odd amounts get into the current accounts? Catherine asked that we discuss this at the next meeting with Chris. Catherine reported that past due balances continue to fall.

Previous owners write off was reviewed. The list of 9 people with a total of \$1,054 should be written off. These are balances from prior owners that did not pay for the HOA documents. Ash asked why the title company did not collect the fees. Roddy asked about the age of these. They predate Catherine's tenure with PMP. Also, how can there be two accounts with a total balance of \$37.97 that are current? This will be further discussed at the June meeting.

The committee reviewed accounts over \$2,000 with no comments at this time. The committee reviewed accounts that were 90 days or older and would be presented to the Board where amenities were going to be blocked.

It was noted that all payment plans are current and continue to make monthly payments at this time and that 2 should pay out this year. People completing the payment plan continue paying on ACH for the current assessments.

The committee reviewed a payment plan request on account #70369. The plan calls for a payment of \$1,000 cash by May 31, then \$211.00 per month until paid in full. On a motion from Ash, the plan was conditionally approved pending the payment of the \$1,000. Jeff seconded the motion. Upon discussion, members on payment plans have amenities privileges restored. The motion was approved 5-0.

Items of interest for the NAC - The last Finance Meeting was held 21 May 2024. Of interest to the NAC, the audit for 2022 was received, questions to the auditor will be sent.

The next meeting is scheduled for June 18. On a motion from Jeff, seconded by Jennifer, the committee voted to adjourn by a vote of 5-0. The meeting adjourned at 9:09PM.