

Subject:  
8.14.24 Planning Meeting

### **Executive Summary**

- At the August 14, 2024, Planning Meeting the Treasurer talked about her perceived responsibility for preparing the monthly financial statements.
- The members voted at the 2024 Annual Meeting to have the financial statements prepared by an independent professional accounting firm.
- The retiring Treasurer and Assistant Treasurers provided the resources necessary to implement a smooth transition between Treasurers.

### **Introduction**

In response to comments made by the Treasurer at the Planning Meeting on August 14, 2024, we are providing a copy of Motion #8 that was passed at the 2024 Annual Meeting. The members approved the motion, authorizing the Association to engage the services of an independent professional accounting firm to prepare the monthly financial statements. The purpose of the motion was to provide continuity in financial reporting irrespective of the individual serving as Treasurer.

### **Motion #8 Passed at Annual Meeting**

*“We move that ACC engage the services of an independent professional accounting firm to provide oversight and supervision of the accounting information system to ensure that the financial accounting records and reports are maintained in accordance with Generally Accepted Accounting Principles. An independent professional accounting firm would guide employees who record daily transactions, supervise the month-end closings, and prepare the monthly financial statements in accordance with Generally Accepted Accounting Principles.”*

Motion by Sid Glandon, Lot 93  
Second by Audrey Miller, Lot 458  
Motion #8 Passed  
Annual Meeting  
February 12, 2024

This created a transition in the preparation of the financial statements from the Treasurer to an independent professional accounting firm. As Assistant Treasurers we spent the last four months of our tenure working with Fred Martinez, Accountant and QuickBooks specialist, to establish procedures whereby the accounting clerk would complete the data entry for the month, the Treasurer would review the accounts for possible posting errors, and Fred would be notified that the QuickBooks trial balance was ready for processing. Using specialized reporting report-writing software, Fred would then prepare a complete set of financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Our final meeting with Fred was on February 13, 2024, to review, edit, and approve the financial statements for the month ended January 31, 2024. Since we have extensive institutional knowledge regarding the financial activities of the Association, we assured Fred that we would be available to answer questions and provide any assistance that might be necessary during the transition. We subsequently were informed that we were not allowed to have any contact with Fred.

The January 31, 2024, financial statements were delivered to the Treasurer prior to the February 19, 2024, Board meeting. The financial statements were not presented by the Treasurer at the Board meeting, nor have they ever been posted to the ACC website. The documents published during the months of February through May that were purported to be financial statements were incomplete, materially misstated, and not prepared in accordance with GAAP. We are not sure what happened since Fred was ready to prepare the monthly financial statements using the protocol that we set up over the previous four months. The homeowners have not received any meaningful financial information during the first seven months of the year.

The following are comments made by the Treasurer at the Planning Meeting on August 14, 2024. Our observations are provided below.

*“The Treasurer reports that had been coming out through Fred did not meet the high level of specification that had been bestowed upon me without any direction at all and without sharing of information. So as long as the person in this room who would really like to be perfect is myself. In the last 6 or 8 weeks I have been in the office working because people have resigned. They haven’t resigned because of me or my actions. They have resigned because they had other opportunities. So, would I have preferred that they were here doing this work? Absolutely. So, then I could perfect the Treasurer’s reports. Absolutely. Unfortunately, that has not happened...”*

*What we have been able to do is to have a CPA firm, an actual CPA firm, not somebody who’s a QuickBooks expert, but an actual CPA firm and so we’ve been able to do that. We’ve been able to transition to new software...There are a lot of things that had to happen and producing a flawless, perfect Treasurer’s report that would not be open to scrutiny beyond what was ever done prior to February 13<sup>th</sup> of 2024. I would love to produce that for you.”*

Vicki Violet, Treasurer  
Board Planning Meeting  
August 14, 2024

On January 16, 2024, the retiring Treasurer delivered to Vicki Violet, the presumptive Treasurer, a document and memory stick containing the names of the banks, contacts, type of accounts, and the standard monthly journal entries. This, coupled with the protocol established whereby the independent professional accounting firm would prepare the monthly financial statements, should have made a seamless transition between Treasurers. According to the motion adopted at the annual meeting, the Treasurer is not responsible for preparing the financial statements but rather making sure that the data entry is correct and complete, then presenting the financial statements to the Board. Other important responsibilities of the Treasurer include managing cash flow, maximizing interest earned, and managing the portfolio of interest-bearing securities.

Sid and Terry Glandon  
Lot 93