

## Lake Parsippany Board of Directors Meeting July 12, 2021

A regular meeting of the Board of Directors of the Lake Parsippany Property Owners Association was called to order by Pulkit Desai via ZOOM Web based meeting 730 PM

Directors	Present	Absent
Pulkit Desai, President	X	
Danny Desai, Vice President	X	
Dan Nazzaro, Treasurer	X	
Tarak Bhatt, Financial Secretary	X	
Marilyn Ammirata, Recording Secretary	X	
Rinam Shah, D1	X	
Adeel Fudda, D1		x
Manisha Mansuria, D1	X	
Randy Vyskosil, D2		x
Darshana Kalavadia, D2	X	
Casey Palermo, D2		X
Tony Suprum, D3	X	
Don Phelps, D3	X	
Rajnikant Patel, D3		X
Jenn DeStefano, D4	X	
John Scrivens, D4	X	
Deepa Tailor, D4	X	

Minutes from June as electronically distributed by Marilyn Ammirata. Motion to approve by Dan, Seconded by Jenn. No discussion. All in favor.

### **MEMBERSHIP REPORT**

Dan provided the following report for Tarak:

We are currently showing 364 are in arrears

**1194 owners paid full**

**482 owners paid senior**

Total membership paid, including non resident: **1,760**

### **TREASURER REPORT**

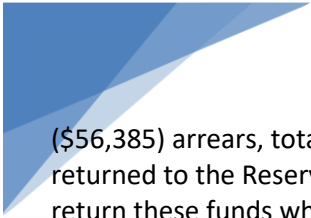
Dan reported the following: Account Balances as of June 30, 2021

Chase Checking account: \$314,474.25

Merrill Lynch/Reserve Account (Lake restoration fund): \$178,806.90\*

\*Note that this account is a simple money market, not generating much return, we need to look at how this money might be better managed.

The funds in the Chase operating account represents dollars collected from 2017 (\$28,405) and 2020



(\$56,385) arrears, totaling \$84,790, leaving \$229,684.25 in operating funds. These arrears dollars are slated to be returned to the Reserves account as that was the commitment from the prior board to return these funds when funds were borrowed from reserves to cover operating expenses in prior years. This will put the Reserves account at \$263,596.90. This transfer will take place once we finish reconciliation of the Amnesty program, planned to be by end of July, 2021.

### **High expenditure items year to date**

Insurance: \$78,194.64

Accounting: \$39,980.50

Repairs and Maintenance: \$38,720.07 (Dan will look further into this)

Water Treatment: \$20,411.22

Property Survey: \$15,000.00

Legal Expenses: \$14,545.80 (note down from \$37.5K this same period last year)

Property Taxes: \$12,348.59 with additional taxes coming up due.

### **CORRESPONDANCE**

Tony: Bar code stickers on ID are waterproof or not? Dan replied, they are thermal so that they will not wear off.

Danny: Nothing to report

Tarak: Nothing to report

Dan: multiple member inquiries about their standing, when can they get badges etc. Also additional questions about beach opening/hours this year, and clubhouse rental queries.

Rinam: Nothing to report

Marilyn: Nothing to report

Manisha: Nothing to report

Darshana: Nothing to report

Don: Update on garbage cans around the lake, questions about board member resignations, kayak club questions

John: Questions about issues with badges and membership status

Jenn: Nothing to report

Deepa: General correspondence about membership

Pulkit: Questions about invoicing and discrepancies due to accounting being unavailable, unreconciled accounts etc. Also about meetings happening in person. Issues with echo's in the clubhouse using zoom but there are other things that we need to consider. John Bota sent info about rescues. Members called Pulkit twice about non resident swimming in the lake, not in the beach area. She is not a member but thought this was a public lake. About 5 days later got another call about swimmer by Atlantic and Lake Shore, it was the same person swimming. Person says she is now a member, and that she is now living here. Also advised to join the association. Not a positive exchange. Additionally, a reportedly homeless person was sleeping on the beach at the corner of Atlantic and Lake Shore. Eventually contacted Morristown Mission to help with this person and his needs. This person essentially refused any help. Police plan on patrolling area to keep an eye on him until he could get where he was staying.

Garbage cans: rec'd email from town to let them know where they are and they will pick up. They stated that the bags have to be tied up next to the side of the can. Pulkit will look into purchasing and placement of the cans. Since the beach opened on June

### **July 2021 Presidents Report:**

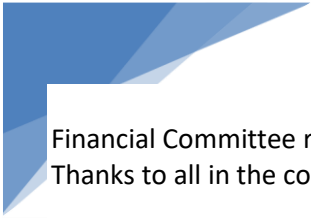
Because we have members who do not register online, we have those who do not have internet/computer or email addressed, we need plans in place to reach these members.

Looking into renting out Johnson beach, not for swimming, but for other events and gatherings.

Debbie Orme and Marissa May will work on this

Elections upon us, many openings, more info to come

In person meeting is planned for August 9<sup>th</sup> at the CH



Financial Committee report will be presenting this evening

Thanks to all in the community volunteers who have come together and helped out with so many events/activities etc.

### **BEACH MANAGER REPORT**

Pulkit reported the following:

Since opening 6/19, 601 individual members were scanned in and enjoyed the beach. On top of that, there were approx. 123 people who either did not pick up their badges and a few where we had scanning issues. This represented 625+ unique properties using the beach.

### **CLUB HOUSE MANAGER REPORT**

2 bookings in June and many bookings in July.

### **MAINTENANCE**

Fence at Drewes beach was repaired.

Also areas repaired by the men's bathroom.

\$300 approved by Pulkit for LifeGuard chair repairs and a member has offered to fix them.

### **WATER QUALITY and Lake Maintenance combined report:**

Tony reported the following:

On June 12, Tony received notification that there is excessive weed growth in the swim lanes, that needs to be addressed. Tony contacted LMS (Lake Management Science) to inform them of the weed growth. LMS visited the lake on June 12th and provided the following:

*Surveyed the waterbody. Observed the growth of narrow leaf pondweed in the swim lanes, island cove and the sailing harbor. Treated the targeted nuisance vegetation with an aquatic herbicide to help prevent and control the growth. Observed the minor/moderate growth of Planktonic Algae. LMS will return at a later date to apply an additional Aquathol treatment.*

*July 7, LMS report: Surveyed the lake and treatment areas. Past treatments have worked very well with the targeted plants being controlled. Observed no significant growth of targeted vegetation present in the lake at this time. Observed a moderate growth of planktonic algae within the water column. LMS will return to apply algaecides to control algae growth. LMS will return for further management. Overall Condition VERY GOOD.*

### **NEWS AND VIEWS**

Out there and many like and enjoy reading. Lots of information in the news and views.

Paying membership dues on Wild Apricot ensures that we can share News and Views with them, having their email address. Many people did send us check, and some of these members are not registered. We will try and get them the News and Views in a paper format especially for seniors who do not have internet access. We need to find a better way how to reach out to those who need additional ways of communication. Tony added that he has been asked by many if we were ever going to print this and mail out, suggested a condensed version of the News and Views which can be mailed or posted at the beach and/or clubhouse.

### **SECURITY**

Nothing to report

Don reported that previously we spoke about security patrols, towing, boat checks etc which had been done in the past. Once we get all membership information out and everyone has their membership cards, that we can begin towing of non member cars on our property. At last count 980 families received their membership cards/parking permits etc.



## CLUBS

- **Ladies Club-** Marilyn reported for Maureen, will be selling meatball sandwiches at the fishing contest July 24, \$7.00 each, also hosing a craft and sip event at the clubhouse on August 6. At 7 PM. RSVP for this event by July 30. Cost is \$20.00
- **Men's Club-** No report
- **Fishing Club-** Bass contest scheduled for July 17 changed to July 24. Tony provided some 'keeping fish safe' when temp of water is 80 degrees or more, do not use barbed hooks and do not keep fish out of water for long when fishing and releasing. Also try to not toss fish, just gently place back in the water and if necessary, move the fish in a gentle figure 8 to pass water over the gills, do not pull it backwards. Any photos, please email to the fishing club and Tony will do his best to get them on the website.
- **Sailing-No report as of now, no events**
- **Kayak Club-**June had Kayak safety class, Summer solstice paddle was had. Ice Cream social Wednesday July 28 at the boat house. Lake cleanup in August. More details to follow.
- **Swim Club-**Rachel giving swim classes. No report on the swim club
- **Book Club-** No report
- **Hub Lakes-** report emailed to Pulkit by Bill Sempier: The horseshoe team will be having their next 2 matches at home starting this Friday.  
Hub lakes is exploring adding corn hole to its sports offerings. A fall test season will take place. No firm start date yet. It is open to both men and women. If you are interested and 18 or older please reach out to Pulkit via the contact us on lake website, your emails will be forwarded to Bill Sempier. Additional information will be in August news and emails.
- **Yoga Club-** Still trying to coordinate times and instructor

## Committee Updates

- **Communication-Deepa provided the following report:**

*Our Monthly **AMA Sessions** have been going on and members have been joining to clarify the questions they have. So far questions about invoices, payments and elections.*

### **Events/Activities:**

*We have been sending emails to all members registered on our website. However, there are quite few activities/events happening at the beach/club house etc. which are listed only the website or announced on the FB page alone.*

*The board members have met and discussed in the work session about communications to be sent out for weekly events/open positions/volunteer needs etc... All Committees have been communicated to share any information on events to be sent to the members to the technical committee members along with the time by when those needs to be sent out. So members have timely communication about all offerings and can participate if/as they wish to accordingly.*

*Technical Committee members: Deepa Tailor*

*John Scrivens*

*Jeff Star*

### **Elections:**

*Email notification; News/View have gone out about election process. The letter to call for nominations for election will be sent out later this week. Members should be looking forward to the same. We encourage all members in good standing to nominate, run for election and further help the association run for the common community interests.*

*We will be providing access to the election committee members to be able to update election information on our website for the September election going forward.*

- **Membership-** Tarak reported the following: We are in the process of badge distribution, opening the CH as many days/evenings as we can, also offering day time hours for those who cant make evening/Saturday hours. We do not have volunteers who do not work that can be there during daytime hours, so please try and make it this week since morning/daytime hours are being offered. We are almost 50% completed with badge and membership distribution. Tarak also stated we are running a little behind in preparing some of the badges due to late payment and reporting of our accounting company, we have no membership information on payment if payment has been made after the 3<sup>rd</sup> week of June. We have received a revised report and are able to start catching up. We are doing everything that we can, however there can be a delay due to reporting to us by our accounting company.
- **By-Laws-** Pulkit reported, did not meet last month as planned. Once invoicing and membership is completed, we will begin with this committee. Will be sending invite for a meeting this week.
- **Welcome-**No report. No focus on this committee thus far. Pulkit stated with the amount of houses that have been sold, will get a list of new homeowners and send welcomes out. Pulkit mentioned that when homes are sold, we should charge a transfer fee. There is still a lot of work to do with this committee. More to come.
- **Lake Maintenance and Vitality-** Previously reported in Water Quality Report. Tony added that regular water testing continues, all reports on file.
- **Events-** Brigid Crimmins provided the following report to be read by Deepa Tailor.

The Events committee has been working hard to continue to offer a diverse selection of events for LPPOA members to enjoy. For the month of June we continued our Walk and Find Photo contest and we were able to award three lucky winners with a free pizza from Domino's-thank you again to Murat for the sponsorship. We also had our second bonfire event-the Sunset Soiree-which was a success and it made us happy to see so many members of the community enjoying conversation as well as the beautiful views the lake has to offer. Our Father's Day craft was also a success. The kids enjoyed the crafting (whether they completed their projects at the clubhouse or brought them home). We also ran the Teen Photo Contest for the month of June and we were happy to select a winner for that event as well!

For July we are excited to be offering our July Walk and Find Photo contest (make sure when you walk around the lake you try to find all 6 ice cream photos). We are also having our first ever Mixology event which will take place on July 16th. This event filled up fast and we are hoping to be able to offer more like it in the future! We are continuing to work with members to plan future events including a Big Jeff concert, additional lake concerts with talented bands residing right here in Lake Parsippany, future bonfires, an Olympic Watch Party, and a Fitness night on the beach-so please keep a lookout for our flyers and blasts to your emails!

We are hoping to receive board approval for the events we hope to host in August:

1. The Olympic Watch Party--we are ironing out these details as for which specific days, but we would be using one of the beaches to broadcast the events live on various nights! Attendees would just have to bring their own beach chair and some snacks!
2. The Fitness on the Beach Event: this would be an exercise class happening at one of our beaches on August 10th. It will be held by a fitness instructor who is also a lake member!
3. The Big Jeff Concert: The event will take place on August 13th and will take place on the beach (preferably Drewes). We are hoping that families can order pizza in advance if they would like to have something to eat while enjoying the concert. This is also a BYOB event for the adults 21 and over. Again, this would be a concert that the whole family can enjoy!

If you have an idea for an event and would like to reach out to the committee please email us as we are always looking for new ideas as well as new members!

- **Grants-** No activity this past month. No luck but still looking.
- **Collections-**No update at this time. We are looking at ways to help those with financial hardship
- **Youth-** No report provided, however Pulkit reported that Neha and Katie set up an impromptu event at Johnson Beach for teens. A good time was had by about 20 teens. More events for the teens will be planned.
- **Strategic Planning-** Looking for direction from the board.

- **Election Committee**-Pulkit stated Paul will be meeting with the team this week, mailings regarding the nomination process will be sent out on Wednesday. Same issue is on our website and News and Views. Process is essentially unchanged from last year.

## **PRESENTATION MADE DURING THE MEETING:**

- **The Financial Review Committee** provided the following report: Formal Report sent by Jason Blanke, Patty Ellis and Nishan Seal on file. Nishan Seal, hoping the report would have been shared with the community prior to this meeting: During the meeting, Mr Seal and Ms Ellis elaborated on the points/findings and recommendations.

June 23, 2021

### **2021 LPPOA Finance Committee**

Prepared By:

Jason Blanke  
Patty Ellis  
Nishan Seal

### **Re: 2021 Finance Committee Review**

#### **Summary**

Per Article 18 in the bylaws of Lake Parsippany Property Owners' Association (LPPOA) it is stated that, "A Finance Committee shall be appointed by the Board of Trustees. This Committee shall consist of three LPPOA members, non-trustees. It shall be the duty of the Committee to examine financial records of the LPPOA and to make a complete report of their findings no later than the June meeting."

The members appointed to this committee are Jason Blanke, Patty Ellis, and Nishan Seal. It is important to note that this is not an audit conducted under AICPA standards. The LPPOA is not required to perform an audit, however we strongly recommend that an annual audit take place which would reduce the need for a financial review by LPPOA members similar to other lake associations.

It was a challenge for the Financial Review Committee to complete its assigned task as financial records have been very poorly kept and material items not recorded at all.

We were unable to obtain financial statements prior to 2019 when the new accounting firm, Sanderson took over. Another reason we strongly recommend that the LPPOA perform an audit is that the Finance Committee did not have complete access to the accounting firm Sanderson and the accountants themselves requested that the Committee not contact them directly. The committee was told to go searching boxes themselves which is inefficient and unrealistic for working individuals to do.

We wanted to draw the Membership and Board's attention to a few items which we've commented on below and have made several recommendations to improve the financial reporting and overall finances for the LPPOA.

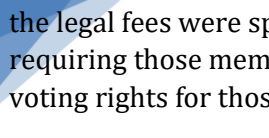
#### **Budget**

Although a budget was passed, budgets should be flexible based on collections and monitored by a qualified treasurer with accounting or finance experience. Additionally, budgets should not forecast a deficit except under certain circumstances. Budgeted income must cover budgeted expenditures and allow for some excess for reserves or unforeseen expenses.

#### **Excessive Legal Expenses**

Legal expenses were the largest line item on the LPPOA budget and accounted for a staggering 22% or \$81k of the total expenses in 2020. This is extremely high relative to every other expense line including lake maintenance, and in our view, completely irresponsible spending of easement funds by the Board. It is clear that a large portion of





the legal fees were spent in an effort to deny voting rights for members who were legally obligated to pay fees and requiring those members to pay additional fees to vote. Essentially, fees from paying members were used to deny voting rights for those same members. The NJ Department of Community Affairs (DCA) disallowed the system of denying voting rights so the easement funds spent in this endeavor were completely wasted and benefitted only the LPPOA's attorneys. We strongly recommend moving away from attorneys who charge fees by the hour since they are incentivized to provide counsel that prolongs a solution to a problem or disagreement which leads to more billable hours.

### **Reserves / Unrecorded Loans**

In the 2021 budget there is an amount allocated for two loans: Lake Restoration Loan and Easement Assessment Loan. When the Finance Committee queried the accounting firm on loan documentation, we were puzzled when they replied that they had no record of a loan.

The Finance Committee eventually learned that approximately \$330,00 was taken from a reserve account that was earmarked for lake restoration in order to purchase the club house.

The LPPOA's reserve account were significantly diminished by the past and current board members. The 2021 budgeted deficit will deplete reserves further, leaving the LPPOA within a few years of becoming insolvent without increasing fees.

This fiscal year began with a reserve balance of \$179,000. 2021's budget forecasts a \$29,000 deficit, however it will be much larger due to lower-than-expected dues collections. There will be a shortfall of dues and it must be carefully monitored.

### **IRS Form 990**

Additionally, of concern, the LPPOA did not file an IRS Form 990 for several years prior to 2018. Given that there was also no financial audit conducted, there is an exceptionally long period where there is no independent accountability for LPPOA funds. For 2020, we advised the President to not sign the form 990 as it had been filled out incorrectly by a material amount of money by the accounting firm Sanderson. Income was reported on an Accrual basis though it was stated that the LPPOA maintains records on a cash basis. Additionally, a surplus of over \$300k was reported which is completely incorrect. These are significant errors and given that the LPPOA is charged approximately \$40k per year in accounting fees, we believe this is completely unacceptable.

### **Buildings & Land**

Although we could not find appropriate record of this, we were told that there were large tracts of land which were sold in prior years, so it is particularly important that the funds be accounted for as LPPOA property. We attempted to discover how the cash was spent (apparently some taken from reserves) however there is no record of the purchase in the financial statements. On 1/1/19 Sanderson recorded Land and Buildings. Prior to that there is no record of the LPPOA owning property so we cannot comment on the accuracy of this record. We were unable to ascertain exactly which Land and Buildings this represents, and which were sold. We were told by the Treasurer that the LPPOA did not record such items. We were also told that the LPPOA owns additional properties that are not recorded. We were not given detailed information.

### **Recommendations**

- 1) Move all financial records to a cloud-based system like Google drive, Dropbox, OneDrive, etc.
- 2) Budget should be balanced. For the next few years, the budget should include a profit or line item to replenish reserves, otherwise the LPPOA will have to raise membership fees in order to avoid insolvency within a few years.
- 3) Budgeted line items should match the chart of accounts so that actual vs budget can easily be reported.

- 4) Budgeted expenses as passed must be flexible – it is not “set in stone” just as income is not guaranteed. As the year progresses, actual receipts and expenditures must be reviewed and the budget adjusted when necessary. This must be done to avoid future deficits. Hard decisions may have to be made.
- 5) Consider engaging a collection agency that is not a legal firm. Though they will take a % of what is collected it may be more palatable to the membership than a law firm which has a conflict of interest since they are providing the Board counsel on membership structures which ultimately benefit the law firm further.
- 6) An analysis of the number of members using the beach and other amenities should be completed to decide the reasonableness/fiscal responsibility of spending those funds.
- 7) In addition to the above, we identified that fishing has a direct cost of approximately \$3,000 per annum and believe fishing badges should be sold to cover this cost.
- 8) The treasurer must be qualified with relevant accounting and finance background. They should be able to read and analyze financial statements, debits and credits, etc. The current and previous treasurer were under the assumption that prior reviews of the LPPOA’s finances constituted a financial audit. A qualified treasurer with relevant accounting and finance experience would understand the difference between an audit conducted according to the standards set by the AICPA vs a review by members in the community. By the previous and current treasurer’s own admissions, they do not have the experience and the accounting was completely inadequate for most of the LPPOA’s fiscal years which the Committee found to be true.
- 9) Treasurer’s report during monthly meetings should include:
  - a. Beginning bank balance
  - b. Receipts including number of members paid and in collections.
  - c. Expenditures
  - d. Ending Bank Balance
  - e. Explanation of any income or expense out of the ordinary
- 10) Reorganize Chart of Accounts and create accounting system with new accountants to reduce fees, improve reporting, and make information more accessible.
- 11) Close Merrill Lynch account and use an FDIC insured account which would likely offer higher interest.
- 12) Terminate the accounting firm Sanderson and Associates for the following reasons.
  - a. The fees of ~\$40k that the LPPOA pays to the firm on an annual basis is far too high for the work done. They would not cooperate with the committee, and the LPPOA is charged for any report requested.
  - b. There is a very material error on the recent Form 990 – Return of Organization Exempt from Income Tax for the 2020 fiscal year. They listed \$671,891 as the gross receipts and a surplus for the 2020 year of \$305,272. This is quite a glaring mistake and whether from incompetence or lack of work ethic, we were disappointed that the Finance Committee had to point this out. If there was minimal review of the work performed the accountants should have instantly recognized that if we had a surplus of \$305,272 then our bank balances would reflect that. The fact is the increase in our cash balances was \$32,195.90 for 2020 due to easement funds from 2020 and the prior years.

	12/31/2019	12/31/2020
Chase	88,387.01	99,646.40
ML	158,161.59	179,098.10
<b>Total</b>	<b>246,548.60</b>	<b>278,744.50</b>
<b>Surplus</b>	<b>32,195.90</b>	

Of note, this is an exceedingly small surplus when taking into consideration approximately 1,000 additional members paid for 2 years of dues (2017 and 2020).

- c. The reporting from Sanderson is very inefficient and does not give the Board the ability to see the state of gross receipts and ultimately whether the LPPOA is on plan for meeting its budget. The Finance Committee requested current information on gross receipts to determine if the LPPOA could meet its current budget, however we were told this information is only available on a weekly



or bi-weekly basis. Additionally, reporting on gross receipts is a separate variable expense charge each time which makes this system expensive in addition to inefficient.

- 13) Reduce legal fees and terminate agreement with Dolan & Dolan due to poor advice and high costs.
- 14) Institute an annual audit by independent Accountant separates from Financial Review Committee
- 15) Beef up financial controls around cash. We were informed that several individuals have ATM cards and there were approximately \$1,200 in ATM withdrawals in prior years. We did not examine the invoices for these cash withdrawals, but this brings several things into question including controls. This is also another reason why a true financial audit should be conducted annually.
- 16) We recommend that the Board examine the historical financial records for the period where there was no independent accountability and verify that there was not any misappropriation of LPPOA funds. Since a few of the board members are under the impression that high level review by LPPOA members was a financial audit, we want to be clear that this review together with prior reviews is not an audit. Additionally, we also want to make it clear that we are not accusing anyone of misappropriation, however independent accountability is very important and whether we had full trust or no trust in an entity's officers is irrelevant. This is necessary due to the unrecorded transactions that we have discovered.

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The additional comments made by the financial review committee were as follows:

**Nishan Seal began his thoughts and briefly touching on the report submitted (above and on file) (*stating in blue italics*) Stating that he had hoped this report would have been shared with the community prior to this call so that questions could be answered:**

*"We were chosen by Pulkit because we have some accounting and finance background, and so we basically went through... This isn't an audit, and I must... I really want to make that very clear because the current Treasurer and the previous treasure, I thought that what we were doing and what was done previously was an audit... Like a financial audit. And that is not the case. An audit is very highly regulated, there is a lot of things that go into an audit, this is not an audit, this is not even really a full-on review, it's a very high level, top-down just analysis of the financial controls that we have, the state of our finances, and just any other observations that we have just around the finances, because this is basically our day job, we do this kind of stuff for a living, so I guess the first thing that I'll start off saying is that there's a little bit of... Let's call it, I just want to be very frank with the board and with the community, there's a lot of distrust. There are essentially two sides. There's a previous board, there's the newly elected members and all this kind of stuff, there's a lot of distrust when we first started, we were basically accused of trying to find something wrong. That is not the case. (Of note, this is an opinion.)*

*Auditors, even though this is not an audit, we still go by the saying trust, but verify.*

*And trust is not really part of the equation here, it's really a verification and we couldn't really verify a lot of things. I think we had a conversation with Dan. That conversation basically ended with Dan hanging up on us, and I think even Sanderson, our accounting firm basically... They said that they didn't want to talk to us directly. They only wanted to deal directly with the board, and then we had a lot of limitations, and so from my perspective, we're just working with... The cards we were dealt. So we got the GLs, the general ledgers, the Trial Balances, we analyze those, and then we also just kind of looked at sort of the high-level financial controls and things that are in place with the LPPOA, and we made some observations and some recommendations. So first, the first observation, and it's a pretty glaring one, is legal expenses, legal expenses were \$81000 in 2020. It's 22% of our budget in 2020, which is absolutely staggering. Usually, I've been doing accounting now for 15 years, typically, legal expenses are not even a full percentage, it's usually a part of a percentage, and so to see legal expenses as 22%, it's pretty...It's very excessive. The other thing that we kind of noticed was, so on the budget that was posted, there are loans listed, and so when we queried that from Sanderson, they were confused and they said they had no record of any record of a loan, and so basically what we end up-finding out is that basically, there was some dry downs from the reserve fund and that was classified as a loan, and so it's just... It's accounting like 101, that's not a one that you're drawing down from your*

*cash, and so it's a reduction of your cash, whether you call it a reserve or not, it's certainly not a loan. But anyway, so it's just things like these... That we found. Another thing that we... Another sort of error that we found was spoken as the IRS Form 990 for 2020 to review in past years, we reported on a cash basis, in 2020, it's listed as presenting on a cash basis, but they used accrual basis, and so, for the community... The difference between accrual and cash is basically like You're accruing it, so if there's an expense that you occurred in 2020, but you didn't pay until 2021, you would include that you in your financial presentation and so...*

*And we're also paying Sanderson around \$40,000.00 a year. I think so far, a year to-day, correct me if I'm wrong, but I think we've already pay them about \$40,000.00, I think it could potentially go a little higher, so that's a very excessive fee and seeing also this error and just... I'll go into a couple other details that we noticed, but, the finance committee felt that we should let them go and switch to a different bookkeeper. The next thing that we noticed was a real quick, is that something that you can possibly share on the screen, so it makes sense to some folks.*

*In January 2019, Sanderson recorded a bunch of land and buildings, typically when you book a building or something, you deduct your cash and you increase your fixed assets, so I don't really know exactly what happened previously, but they started booking some land and buildings on January 1st 2019, I guess to record the land and buildings, but we didn't know which land, which buildings. Patty, I don't know if you want to add anything to that. But truthfully speaking, and I just didn't really understand what was going on here, and it's kind of like we weren't getting enough information, so I personally didn't look too much more into it, Patty did a lot more work on this part... I don't know if you want to add anything here."*

*Patty Ellis added the following: (In purple/Italics)*

*"Yeah, speaking on the same topic on 1/1/19, Sanderson added building and lands at the same time, they wrote off the \$330,000 that was quote/unquote a loan, which as best as we could tell, was the board trying to show that they had taken funds from the lake reserve, and that it needed to be paid back to the reserve, and Sanderson wrote it off. It's gone. There's also that's \$330,000.00, they added the land and the depreciation, so the concern, like Nishan is saying is when the money was spent and accounting pluses must equal minuses, when you minus the cash. What was recorded? There is no way of knowing. There were not enough of... I did go through the attic of the lake house for a number of hours, there are not records that go back to for 2008, I was not able to research it any further than that. They took the \$189,000.00 that was considered a tenant receivable, wrote that off on 1/1/19 as well. Who owed that money at first, we were told perhaps that was from 2017 for what they thought easement would be. It goes back before 2017, So that is not the response to that either, and again, there is no way of finding out. Sanderson, without asking anybody, added significant amounts of money and wrote off significant amounts of money, not knowing what they were. There have been many other errors that we found along the way that were concerning.*

*Go ahead Nishan, you can keep going from there.*

*Those are kind of the summaries of some of the different nuanced issues that we found, we created some recommendations. And so basically the way that I approach it anyway, is basically like who's going in and looking at the systems that we have in place, so what are the controls and who's in the sort of controller/ CFO role, and that role is essentially the treasurer role and so this is not an attack on Dan or anything. Dan, you seem like a great guy, but this is not an attack on you, but I think even you admitted it, and the previous treasurer admitted that you guys didn't have any finance or accounting experience, and that is essential to this role, you absolutely need some solid accounting or finance background to do this role, and so we basically went in, we looked at of the controls that are in place, and a lot of it is... We're not even speaking the same language as the treasurer and just trying to gather information, so our first recommendation, we must move all of our financial records to a cloud-based system, Google Drive, Dropbox, one drive. It doesn't matter, all the invoices should be saved there right now, there's some boxes in the club house that just boggles my mind that we would have a filing system from 1960. So anyway, the next one is, the budget should be balanced, this is common sense stuff. But for the next few years, the budget should include a profit or line item to replenish the*

*reserves that were taken out, it was booked as loans, but it's not a loan, it's a reduction of our reserves, so we should really try to pay those funds back into the reserves, the budget line item should match the chart of accounts so that the actual vs budgeted can be easily recorded.*

*Budget expenses as passed must be flexible, so when we report... When we pass a budget, it shouldn't be set in stone, it should be based on... It should be flexible and so... Okay, so we're halfway through the year. Are we on track to meet our budget and meet our income, and I think in the past, that really wasn't done in the past, it's just kind of like pass the expenses, and once they're passed, we can spend up to that amount, and that's just not... It's just not prudent Financial Management. Consider engaging a collection agency that is not a legal firm, so we spoke about this with the board, and basically the board crafted the collection policy based on council from Eileen Born, from Dolan and Dolan. However, Dolan and Dolan is also the collection agency, so they are crafting a policy and giving counsel to the board with a policy that... With a collection policy that basically they benefit from, so that's kind of like a conflict of interest... And that really shouldn't be the case. I think that that should be... I think we should move away from that. We should have lawyers who provide counsel, and then we should have a collection agency separate from that, and let's see, an analysis of the number of members using the Beach and other amenities should be completed to decide the reasonableness and fiscal responsibility of spending those funds. I think that's self-explanatory. One thing that we noticed was that fishing had a direct cost, and so we felt that to meet that cost, we should maybe start selling fishing badges or things like that. It costs around \$3,000. or I think \$3,500.00 a year. So that's like a direct cost, and we felt that it should be a direct expense by selling badges and things. Number eight is kind of what I alluded to earlier, the treasure must be qualified with relevant accounting and finance background, I think Tony suggested that we pay maybe a stipend to whoever is in the treasurer position.*

*I would say that there are people in the community who had volunteered to do this role, and I think we should maybe try that route first, and then if that doesn't work, like for whatever reason, then we can go to paying a stipend to somebody who's qualified, but... I think a qualified treasurer would be able to at least... I think that they would basically come to the same conclusions that we came to, right. So, when anybody looks at this, everybody knows what needs to be done, we need to create an accounting system that's sort of connected, so when we have a payment from a member that should be fed directly into the accounting system, it should not be a separate system. I think the way that it is right now is basically Sanderson, somebody from Sanderson typing in 2200 payments, and that's completely inefficient, and that could be one reason why they're charging us \$40,000. a year, I don't know, but even then, even if they had somebody doing that, that's still a very high fee, but if we had somebody with the same background as us, they would basically be coming to the same conclusions as us. The treasurer's report should include a beginning bank balance, receipts expenditures, ending bank balance and an explanation of any deviation. I think Dan did a little bit of that earlier in the meeting, so... That's great, I'm glad we're doing that now. We need to reorganize the chart of accounts and create an accounting system with new accountants, I think we should either move away from Sanderson, maybe that maybe it's salvageable if they can significantly lower their fees, but we think that we should seriously consider moving away from Sanderson. I think we need to close the Merrill Lynch account. We use an FDIC account. Dan alluded to that during this meeting, so I'm glad that that's on his radar, but basically right now, we have a Merrill Lynch account, I'm not sure why that was set up on, that's like a brokerage account.*

*Dan commented: Years ago, when there was significantly more dollars in there Nishan, it actually made sense, but in the last couple of years, the board of last three or four years has been looking at trying to do something different, but we've not had the expertise to really execute on it. Yeah, I think it's literally as simple as opening a money market account at Chase or even there's a bunch of online ones that offer a decent rate, it might be a little different for 501C4 then an individual, but regardless...*





*I mentioned here the material error on the Form 990, they should have reported on a cash basis, and they reported on accrual basis for whatever reason, the reporting is also very inefficient from Sanderson. So, they report on a weekly basis. And I think somebody went on vacation and Patty had requested some information and it was crickets, and so I think that we need to maybe go with the firm that really is treating this like a true client, it's not really an acceptable excuse for a business to say Well, I'm on vacation, so you don't get the service that you're paying us for, so I think that's also another reason why we think we should move away from Sanderson, reduced the legal fees, terminate the agreement with Dolan and Dolan. This one, I feel very strongly about, we need to implement an audit on an annual basis for \$40,000. a year. We should get the bookkeeping done and have the... And have an independent audit. I think for \$40,000., we can easily do that. An audit is not cheap. I think it depends. I think first, we need to get a treasurer who knows what they're doing, and then they can basically strengthen our financial controls, they can strengthen our financial system, and then we can do an audit, if we go for an audit right now, it'll be crazy expensive because they're going to have to review literally everything, but what auditors do is they first go in, they look to see what the control environment is, and then they go and they do their review based on where the weaknesses could be and things. Right now, there's a lot of weaknesses and so it doesn't really make sense, but once we clean up everything and set some good policies in place, I think that it is very important to do an independent audit because each year, right. Pulkit chose us because we agree with his views right next year, maybe Bill Sempier per becomes President and he's going to choose people who agree with him. Doing an independent audit gets rid of that, so nobody can... We were accused of looking for stuff that's wrong, if we do an audit, nobody can say anything, and it's an independent voice. It also gives comfort. Now, we're dealing with hundreds of thousands of dollars of other people's money. Before, it was a private kind of community volunteer basis, this is now a mandatory community, its other people's money, we need to be like other lake associations and implement an audit. So, I feel very strongly about that. I think my fellow committee members also agree with that. We need to be the financial controls around cash, we were informed that there were several individuals with ATM cards and they're approximately \$1200. in ATM withdrawals in prior years, we didn't examine the invoices for these case withdrawals, but it brings several things into question, including controls, this is an audit red flag, and so it just needs to be documented, the people who have access to ATM cards and cash and things like that needs to be... It needs to be documented. I think Sebastian, the previous treasurer had mentioned that essentially the \$1200., in ATM fees were related to fire permits, which needed to be paid in cash, but regardless, like there should have been some type of paper trail, and so it needs to be just completely flushed out and it needs to be ironed out. And then the last thing that we want to say is, we think that the board should examine the historical financial records, we were talking about it last week with the board, but basically in the clubhouse, there was a filing system that was with hard copies and cabinets and stuff, and Patti had actually gone there, and she couldn't find anything, so it had been taken out, and so I think... We don't really have any records going back, and so we literally just must go on trust and it's not that I don't trust people like... I think it's more that... We need to trust but verify. And there is currently no verification in prior years, and so we think that it's a prudent thing for the board to look back at the historical records and to see just the historical progression of the reduction in cash, what were the things that reduce the cash so much and, in our reserve, so much. And so yeah, so I think that's kind of it in a nutshell. Patty, if you had anything to add, feel free otherwise, we can jump to questions either from the board or from the community...*

**Patty Ellis added:** *Okay, yeah, I just wanted to add. My goal when I went into the attic was trying to track the reserve account and cash account balances back as far as I could, to see the influx of money when things were sold and the outlay of money when they went out. Because I could only go back to 2008. We can't speak*

*to it. I do have a graph, I don't know if you can pull it up quickly with the Reserves balances from 2008 to present, but for me, the financial stability of the lake is shown here, there are repairs that need to be done, there are regular things that need to be done, that money in reserves was to pay for things like that. For*

*quite a few years, from what I could tell, it stayed fairly level, and then it started to draw... Never wasn't increased or paid back, and then again, it just... You can see on the graph, if you can find it, it just falls. If we continue with deficit budgets, the lake has about three years of money and it's done... And that can't happen. Even this year with the easement, which was supposed to fix this, we are budgeted in a deficit, so what we said when we're saying that expenses have to be flexible, the point is that when income doesn't come in the way we thought, expenses cannot go out just because they were voted on to say it's in the budget, I can do it cannot be the frame of mind any longer, if income is coming down, then the board has to look at the budget probably on a monthly basis, and cut expenses, and during that time frame increase the reserve accounts that should have been done all along, and it wasn't...It was work on a deficit and that was okay, and I know everybody said it was because membership went down, that should not matter, whatever membership was there needed to pay for what they were spending. So now we're in this position where we're a few years from no money if something significant isn't done about it. So that's for the board, I would suggest... I mentioned this last week, when the budget committee meets, we don't have a budget committee that might be something to consider. Part of that budget committee would be somebody who is very knowledgeable on what repairs are needed around the lake, what time frame they can be held off for, and when they absolutely have to be spent and done, and that reserve needs to be looked at on a regular basis, so that there should be two years of expenses in the reserve account at least, plus whatever repairs need to be done, so that needs to be looked at, a number come up with, that's a minimum that has to stay in reserves, that will take a few years to build back up. And then the lake and then, I'm sorry, membership fees must be brought to a level that match that, it can't be, this is what we want to charge, and this is the deficit for the year.*

*Normally, when you have a reserve account like that and you have made your expenses, it's almost a separate budget, it's... You're fixed in your... I can't think of the right accounting word right now, but those things would go with that account, they would be part of the normal operating budget because they're not normal operating expenses, they are land improvement significant expenses, and they're not expenses, they should be added to the value of the assets that we have. Yeah, I don't think...*

*The problem was, again, I could only go back to... In 2008, there was about 360000, I think, I don't remember in that reserve account, and then since then it has only depleted, and I can... I'll look for the chart when I'm done talking, but it's a good graphic that shows what has happened to the financial stability of the lake over time, and then one quick sentence, that's where it is.*

Dan added: And Patty that does reinforce with the Board of 2015 and 2016 was very concerned about and seeing on the horizon, knowing that we were financially insolvent that we could not continue to raise our fees and meet our expenses, so that just kind of reinforces the point, and that this past year's membership fees at \$195 really are insufficient to carry our annual budget as it is now, so the two choices are increased fees or decrease budgetary spending..

*Correct. That's why we suggested during a crunch time, and the lake is in a crunch time right now, what expenses must be met, and I'm not even going to address the bathing, boating, fishing thing that has legal implications to it, that I'm not going to even attempt to address because different people have different understandings of that, and that's going to come down to a legal comment, but if you don't have the money, you can't spend it. Already this year, accounting, these are at \$40,000., that's more than the whole of last year, and you could go out and hire an accountant, full-time to work for nobody but the lake for \$40,000.*

Don: I have a question, I'm under the impression in December a payment was made back into the lake restoration, because if you look at the December minutes and then look at the January minutes, it went up and there was a payment made that was in the budget last year, is that not there?

*There was. At the end of last year, there was a profit, because we were collecting 2017 and 2020, we were collecting for two years, so it was replenished in that there was extra money, and so that extra money was moved over to the reserve account, so did that replenish it? Yeah, it did a little bit. If we could do that every year for a while, that would be great. But that was a one-time thing, in collecting two years of does in one year, so that wind fall isn't going to happen again.*

**Don:** Right, and you're right, in this year, it's one of the red line items that are... Right now, there's no plan to put money into the reserves... I agree with you. That needs to be done.

**Nishan:** *Okay, so there's a couple of questions. So maybe we jump to that...*

Pulkit: Okay, one of the things that when we spoke internally with the board is for the audit to be valuable, the records need to be clean and stabilized for a few years, so when the audit company does come off for a super price, they can just say Oh, look, you, for the last few years, you have financial prudence...that it'd be easier for us to get through this audit because to start right now, if the money spent on nothing, because if a not yet anything.

*So, I would answer that by saying it... Yes, I agree, right? This second, no, we should try to get proposals for an audit, but I think that if we had somebody with some finance and accounting experience, it actually... It's not that complex. We have expenses and we have income and its budgets like... Depending on who you ask. Let's call it roughly \$300,000., if that's the case, it's just \$300,000. of expenses. And it's not too difficult to clean all of this up, so I think that somebody with some accounting finance experience who's hands-on can clean this up quick, and you could probably do one in 2022, but... Yeah, if you feel like we don't have anybody right now. Then we can start in 2023 or... But it's not, it's really not that complex. It's only complex if you make it complex, if you don't have the experience and you start booking things and you don't really know what you're doing, then... Yeah. Then you take a simple thing, and you make a complex.*

Pulkit: Okay, so I know we have elections coming up and while we'll try to look for a person with some background, we may not get that because we have no requirement for that in the by-laws for that now, but going forward at least to help us, would you, Patty and Jason, (who is not here today) occasionally lend us a hand to help guide us in the right direction when it comes to properly managing our books.

*Yes, I had offered to Pulkit it as well, that I have laid out 2019, and somebody asked in the chat how far back we went in depth, and that would be 2019 and 2020, because that is all we were able to get from Sanderson in detail. Before that, there is no detailed financials, a checkbook is not financial statements, financial statements are an income statement, a balance sheet, a statement of cash flows, and a full GL. That is unavailable to us before 2019, so we could only do true comparisons for 2019 and 2020, I took 2019 and 2020 and then laid out 20-21 budget next to it, this week I will take the first half of 2021 actuals, lay them out next to that so that everybody can see the trending 19-20-21 actual 21 budgeted. Then my suggestion is we take that same spreadsheet, which is set up by the chartered accounts that exist and budget by those lines, so you can look at actual trends and budget by actuals, not just "beach", it must be... And that's where I would say a budget committee, so that if it's beach, you go to the person who runs the beach and ask what those expenses are expected to be, or to Tony, to ask them what water control expenses are going to be so that you*



*get in-depth, I would even keep them as separate pieces of back-up as to why the budget is what it is and exactly what was budgeted for, in detail.*

Dan: Budgeted detail for each line item, correct?...

Yes, by each committee who would have the most in-depth knowledge of that line item. Yes, so I will do that and share it with the board. And yes, I've offered to read the financial statements, Dan, you mentioned earlier that you weren't sure what the repairs and maintenance was, it was the water treatment, it was a subtotal, that wasn't a separate line, it is the repairs and maintenance plus the... It's a subtotal. It's the water treatment and the stocking of the lake is the \$28,000 you were referring to a total... Yeah, that's just kind of what we were saying about being able to reach... Yeah, it was about six and change for the stocking of the lake is not double budget, and then I think about \$20K for water treatment.

Tony: You said \$6,000 to stock the lake? Are you talking about a year or two years?

*That's a concern then, Tony. Yes, they're reporting \$6000 to stock the lake. Is that what you said?*

Dan: That's because they double sent the check, I thought they backed that out as...

*Well, there you go. That's an example of bookkeeping by Sanderson.*

Dan: Which is by the way, far superior to bookkeeping by Cedar Crest. I'll just put that out there.

It's still generally not up to par, so

Pulkit: Member questions: What was the time period for the revetments in 2008? So, was this a review of the last 13 plus years? *No, so basically, we first started with 2020, when you look at 2020, you have... What do you compare the financial year two, so you compare it to the previous period, so we compared to 2019, when we looked at 2019, we saw a bunch of large entries in January 1st, 2019 that we started looking into, why is that...? Where is that coming from? So anyway, long story short, we didn't get very far because there's no accounting records prior to 2019, it's just kind of word of mouth... We heard that there was some... Like a firehouse, there was a clubhouse where the firehouse is now, and then that moved, and then there were some sales like... We don't know, it's all just hearsay at this point, but that's basically what we reviewed were viewed 2019 books and we were reading 2020.*

**Pulkit:** Member question: were the legal fees in 2020 due to the lawsuit?... If yes, what those fees be considered reasonable? *I would argue no, because I would argue that they are not reasonable. I would say that the legal fees were due to... And I think, I can't remember who said it, but I think most of the invoices were related to the voting rights issue, which got overturned by... Which got overturned by the state, and so basically that money, that \$81,000. basically, went up in smoke, the only person that benefited from that was the law firm, and they really should have advised against creating the structure with this different voting structure. And so, I would argue that now 22% of any budget for legal fees is terrible, somebody... Back then, when we were incurring all these fees, should have said, hey, we need to go a different route because 22%, these legal fees are going to add up to our largest expense item, which is... It's crazy, you can't have legal fees as your largest expense item that it shouldn't even be like... It should maybe be a percentage point maybe, but I would say that it's very unreasonable.*

Member question: did you find any misappropriation of money by the board? *We cannot say one way or another, there's no, from 2020 and 2019, this is not an audit. So like I said from the beginning, this is a very high level review, we think that an audit should take place so that we get that verification, we cannot provide that verification because we did not look into it that thoroughly, we also didn't have the type of access that an*

*auditor would have, and so we can't say one way or another, like I said, we always go with the same "trust, but verify" and from what were reviewed, we cannot verify one way or another.*

Member Question: Do you feel Sanderson was negligent in the accounting of the LPPOA's money? *I would say incompetent maybe, and just maybe lacking quality and care, I don't know if I would use the word negligent, but not up to par for the fee that we're paying them, I would expect white glove, high standard financial reporting. And that is not at all what we received, I think somebody else mentioned that they were on vacation and stuff, and I think that's the issue that we had when Patty requested some information and so this kind of stuff, it's like very subpar.*

*Yeah, I would say the same thing, subpar, and I would almost go with incompetent with the major entries that they added that were material, the largest balances on the balance sheet, they added or took away with no reasoning and no real knowledge of why they were doing it they just did it. And nobody can answer why they did it, why Building and landing land appeared then, and why this \$330,000. "loan" disappeared. They just did it. Those are material things that should have been discussed with the whole board before they were recorded on the books, and again, they don't want to give access. They're our books, the treasure should be allowed to literally log on to their book to be the legs QuickBooks accounts and look and see these things I was asking for, up-to-date receivables, Up-To-Date payments, so that we can compare it to budget, and they wouldn't get it for me. It was just ridiculous. So yeah, the sub-par is being nice.*

Member question: Was data from the last financial review considered by the members for this financial review committee? *No, we didn't review their report, I think I do remember being on that call, but as far as what we did, we didn't look at what... I think they basically looked at the expenses and they said that it looked fine, but we didn't necessarily dig too much into their report, I think they were doing very similar work to what we were doing. And, I would say that it's not really relevant to what we were doing so much.*

Member question: Does the town not have records for those sales? *I'm sure they do, but somebody would have to go in there and dig it up...* Dan Added: Well, additionally, the town wouldn't have a record, the town would only have a record of the total amount of the sale, not how we structure our own internal finances to purchase the property, so there was money from the prior Clubhouse that was there, there was money that we took out of reserves to match it, that would actually be in our board meeting minutes.

Member question: Re: legal fees- were the invoices from the attorneys reviewed as a reason for the charges? *I requested these invoices a while back and I never received them, but I think... I heard from a few of the board members, and I think it's obvious. Some of it was related to the actual lawsuit, but a lot of it was related to the voting right structure and so yeah, um...*

Pulkit added that all the members of the Financial Review Committee who are looking at our books are members in good standing.

Bill Sempier added: But Nishan, you should really look at the legal fee/invoices to make your determination... *Nishan added, I requested them but never received. I sent request into the main LPPOA general queries, again requested of someone else, but doesn't remember at this time. Will need to check. Pulkit will try and get them to Nishan.*

*Patty added Let me say too, that those are the things that must be included in the financial records that exist at the lake, it states in the by-laws that any member can look at them at any time, however, they're not there. W-2s, W-4s, 1099s. I saw bank statements, but not bank reconciliations. Those are all issues. If somebody was going to come and look at our financial records, they're rather incomplete...*

Dan: I believe ADP would be able to provide our W-2s and W-9s and all that stuff, but we just must request them.

*It doesn't matter, they must be in our records as well, a copy belongs in our records. There is the W-4s, and then there was a summary one, and I'm going to guess that the lake doesn't issue 1099, perhaps they don't legally need to, but that should all be part of financial records legally,*

Danny added: and then for your record, ADP always send two copies one for a record and one for.

Dan: Well, Sebastian said that he turned everything over into the club house attic, so I would expect it to be up there somewhere.

Danny adding to Pulkit, if we are almost done, then I think we should move onto next topic...It getting late, but I want to chime in for a minute.

Danny added: As we know, these guy did a lot of work, it is not a paid job, they did work to help the community to understand how the accounting should be done. Danny commented on behalf of the board, we appreciate your efforts and are looking forward for you to continue your help. We are aware of a lot of disconnection with Sanderson. I personally felt it that way during membership distribution seeing that paid members did not have information updated regularly with Sanderson. Those things are the lack of communication, lack of connection with the technology, but that is accepted... That is not acceptable. It may have worked before, with a smaller membership community, but now we are much bigger so we need to find the right path.

Teams need to be changed. We had made some, a lot of progress to a... But there are still certain things need to be done, and we are doing it... I ask that everyone in the community, please have patience as we continue to work together. Tarak has done a tremendous job in that distribution and this the first time this many badges has been produced then given it's not a simple job, 300 -400, not 2200 think about it.. So really good job so far, guys.

Pulkit: Thank you, Nishan. Thank you, Patty. I know some of the records were tough to get to you, I'm so trying... But at the same time, I think what you guys are doing and what we want to do with your recommendation in the future, when the records are asked, they're easily reproducible, at a moment's notice. So small steps, everything is in the right direction. Thank you for helping, I know the report is incomplete yet, and I will work to get you the reports you need to help us be a more mature organization going forward,

Dan added: you know something that'd be a great interest to me would be to compare our 2019 costs from Sanderson to our 2020 cost for Sanderson. I think that would really help underscore how much of this cost is being driven by our, I'll say a community behavior, because I know there are a number of things that Sanderson had to respond to, that was a time consumer for them that was unplanned last... And

*Patty interjected: Last year actual was about \$33000, we're already at \$40,000 this year.*

Dan: What about 2019?

*Patty: I don't have those. I don't... I'd have to look, I do have that. I'll look for it.*

Dan: 'because to me, that would be more of a comparison of... 2019 was the first year we had Sanderson on board, but it was also the year that they were kind of more smooth sailing for a process flow.

*Nishan: Dan, when did we... I think you were on the board. Right like when we contracted Sanderson? was it Q4. 2019?*

Dan: No, I think they took over. I have to double check, but I thought they took over the beginning of the end of 2018.

*No, 2019 actual, if it's categorized correctly, is \$5900.*

*Exactly, so the first invoice that we paid... It was for August bookkeeping, and that was September 2019. So I don't think that it was for the year.*

Dan: Okay, but it still shows you what their steady state cost would be for basic bookkeeping services, not having to do the managing of our community as they have been, I'm not defending them in any way, shape or form, I assure you,

*I agree. Just to be fair, I agree. Maybe there is something else that they're doing, like you were saying, managing the queries and things like that, but I also think that a lot of the queries are coming from Sanderson and so the way that they're handling things. And so I think it's like a chicken and the egg kind of problem.*

Dan: Okay, one of the things that Adeel is working on and we're in agreement is that in identifying a property management company that can take over all of these smaller roles and roll them up, property management may be more expensive, but if you assume that we're going to offset part of their costs by not having to pay for bookkeeping services, not having to pay for property management services that we're doing now through different means, we may find efficiencies there.

*Yeah, I'm supportive of property management companies, but... Yeah, I agree. I think you alluded to this, I don't think we should compare book-keeping to full property management, and you're analyzing cost... I think if you do want to move away, if you don't go with the property management company, just to compare apples to apples, you should be comparing Anderson's book keeping costs to another bookkeeping cost and not bookkeeping cost to property management, just to be clear.*

Pulkit: Okay, thank you, financial review committee. We appreciate your insight. Your reports would be posted on our website, and we'll send the blast email out to let people know where they can find it, and we'll do the necessary updates on Facebook as well.

Don: Can we invite the Financial Committee back next month, so that the membership has a chance to review it and then ask questions next month?

Pulkit: Yeah, if they're available. Absolutely. They are more than welcome to come.

*I'd appreciate if somebody has questions to send it into the Facebook group and we can answer it. Yeah, I think that might be a better way to do it, and then 'cause some people might have the same question, so I don't know how feel Patty, but I'm happy to answer them on the FB group.*

**Pulkit: Alright,** let's move to

## **OLD BUSINESS**

Property management search ideas, Adeel is not here, but he has sent us the information with the cost....

John: Pulkit, before we move on, , there were a few questions from Michael Bloom in the Q and A section that pertain to the Financial Review Committee... General discussion. Discussion in general, I'm sorry.

Pulkit: Alright, if Nishan and Patty, Member Question: Does this discussion open us up for IRS audit? In your opinion.

*Patty replied: I don't think so. No main the end all we're required as the 990, and we report, we don't pay taxes, we don't owe taxes, so there's nothing for them to come up to us about. Okay.*

Member Question: Do you know the identities on the Zoom call?

Pulkit: we can never verify that somebody can share that with somebody, a call, so we don't know. It's just in for confidential... Well, we post the budget, anybody can get to our budget, a member or non-member, so...

Dan read member question: Is this a responsible use of technology for sharing financial information while the Zoom calls being recorded and does everyone realize the possible ramifications of such?



*Patty: I don't think we've shared anything on here that's not available right to anybody listening or right on the website.*

**Pulkit:** Yeah, because our by laws say any member can look at our books at any time, whether it's through electronic means or come into the clubhouse and climbing the stairs, I think it's in the same vein, so I think we're Okay, there... And I think for this community to move forward, being transparent is the way, and as you can see, anything anybody has done is through a good cause, we don't have some information, so there are no definitive answers. So if that's the answer, those are the facts. Sometimes some facts don't give us conclusions because we don't have all the facts.

I think we should move on now,

- **OLD BUSINESS**

Property Management Search: Adeel and his team looked at a few companies, one company was on the high end, and one company gave us a proposal where they would offset a lot of our costs but over a period of two or three years... not the first year. The information needs to be reviewed and discussed by the board so that we can come up with further questions. This will be done at a work session. I know somebody else has additional information to add. Okay, so just to quickly summarize, so basically, I'm gonna be spending X amount of money for accounting, X amount of money for legal fees, there's one particular property management company is basically saying, We'll handle all these things because we have a lot of laws at our hands and be inviting as our bread and butter, so you would have to pay two separate entities, money, it would be all one.

When our invoicing practices are solid, we can also provide and or people can call in, and at the same time, things that the steps that they would take would minimize legal expenses, and just the way they do things, because they would bring us expertise because they will know the laws and regulations and exactly how we can proceed with what we feed fracture we come up with in the future. So, on paper, I do like the idea that, as I said, we need to move towards a mature organization, and if they're going to offset the cost as a lump sum over the next few years, that is something to consider, but the Board really needs to review this... I know many of had our hands full over the last few months, but I think the next working session we can get to a better understanding of what we can do for the next month.

- Legal Search: on the legal search with Jeff Star and Mark Franklin are on the committee. Mark sent me a nice document on quite a few lawyers that he has had experience or through referrals over the years. I talked to a couple of them, some of them aren't interested because they just have too much work, some of them can't help us because we are not a unique situation, but we are not an HOA, but you're not technically...Your issue is really fall under a hybrid solution. So about to two folks that I talk to, I'm going to bring them on to again, working session quick, I told them, we'll give you 15 minutes to just tell us and give us a comfort level because we have elections coming up, the election committee is going to need some legal guidance. So, the people that I talk to, my number one rule was they should know PREDFA inside and out, and they should know community election laws that would impact us, that ties in with PREDFA. Invoicing rules rules around invoicing. So we can make sure that we send that late notices on a timely manner so nobody can come back to us as we learn from the AMA that the only sent out invoices once and we never followed up. Something we started doing this year, but I think that might be a better way to do this, so we need to understand the legalities of all these things. More to come on this in the working session, and I will have two or concessions, this month, because we do have quite a few things to cover, a property management search and legal search...





## **NEW BUSINESS**

**Resignations:** In the past few weeks, we have seen six board members, Adeel, Jennifer, Marilyn, Casey, Rajnikant and Randy resigned from their positions, their reasons for departure are varied, I thank them for the contributions and risk them well in their future endeavors, I'm hopeful they will continue to engage with the LPPOA community as general members, and they have and some have... The remaining board members will oversee the operations of the LP POA and recruit new board members ahead of the September 21 election, where 13 seats will be up for election. If you're interested in serving on an interim basis, please contact LPPOA using the Contact Us feature, and I will post this on Facebook so everybody's aware.

So on the resignation, according to the by-laws, as I'm reading, let me go over the resignation of a board member must be in writing, which they have send it to me and accepted by the board of the... Accepted by a majority of the board. So when we get to that part of the meeting, we will vote on these.

Election Committee postmaster, he wants to name some individuals to be under election committee, that would be Marilyn Ammirata, S. Shah, and a few alternates for the election committee, who would replace If the primary members cannot fulfill their duties, Sean Garvey, and others.

Events Committee:

Beach Rentals:

So quickly talk about beach rentals for Johnson's and Drewes and opening up the beach for sun bathing for Johnson and Drews. The Beach Managers can open in those beaches depending on what we decide tonight.

### **Club House Helpers:**

A lot of people want to enter our clubhouse have been saying we need... Can you provide us people who can either serve us the food we catered i in and things like that, and it would be a contract between the renters and the helpers. We would not be involved in this besides helping them find people who would be willing to do that. Marsissa says that she has a few people, and then we'll put some ads up to see if anybody who wants to do that and make the little side money.

### **Scholarship Committee**

Looking to get the word out for anyone interested in being on this committee. Send us your information, we will be able to appoint you next month, your job basically would be that when the application is sent out, that you would review the application and then select the person who would receive the scholarship, I believe I have budget \$400 for this this year.

### **Membership Q&A**

1. Sivaraman Latchchopathi-Rec'd 4 membership passes, is there a guest pass available? What if a family has 4 members? Tarak replied, if there are more than 4 members living in the property, you will get additional badges without charge. You can use a badge for a guest as long as a member accompanies..
2. Nirav-As he hears financial review committee what kind of disclosure on the expense of the \$330K. Can we ask Sanderson to release reports so that the review can be completed? Patty Ellis responded that they did receive the report, it just made no sense. It was a useless response, so I'm not sure going back to Sanderson is going to produce anything worthwhile, in my opinion, that money should be put back on to the books, but that'll be... I don't know who that is. Who that's up. Pulkit will address with Sanderson. Nirav asked if they do not give an appropriate response, what would be the next action? Legal advice?



3. Lisa Butler-Doing things over and over and expecting different results is the definition of insanity. Something for us all to think about, what can we, as a community do to support our volunteer board members in a healthy way so that they don't feel they need to exit. I would like everyone to think about this.
4. Bill Sempier-Regarding the financial committee report- but it wasn't clear or was confusing, but during the report, it was never stated what the response was from Sanderson to lead that it was a confusing answer or something, whatever she just said. So what was the answer that Sanderson gave? Regarding the \$303,000.00

**Patty responded:** We would have to go back through the emails, there's a long line of emails back and forth with Sanderson, but it was something to the effect of, Oh, there was a double booking and we were getting rid of it, which was just absurd. It couldn't even have been a credit, they were explaining something that would have been a debit, and the balance we were questioning was a credit, so I will have to go back through the string of emails between Pulkit, myself and Sanderson.

**Bill:** Okay, I look forward to that. Thank you. Pulkit will provide response to member.

## MOTIONS

Motion to vote on Resignation of the following board members made by Pulkit, seconded by John:

Motion Summary as follows: Voting on group encouraged by Darshana and John, Tarak asked that voting be on an individual basis after board discusses.

	Adeel	Casey	Randy	Rajnikant	Jennifer	Marilyn
Pulkit	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
Danny	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
Tarak	Opposed	Accepted	Accepted	Accepted	Accepted	Tabled
Dan	Accepted	Accepted	Accepted	Accepted	Opposed	Tabled
Deepa	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
Rinam	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
Manisha	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
Don	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
Darshana	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
Tony	Accepted	Accepted	Accepted	Accepted	Accepted	Tabled
John	Accepted	Accepted	Accepted	Accepted	Opposed	Tabled

Tarak requested discussion on each individual member, John, Dan and Darshana agreed, Rinam asking for 1:1 review.

Final discussion saying individual name and asking for opposition.

Casey, Marilyn and Jenn abstaining from voting as their resignation is waiting for approval.

Randy has relocated to another state so can no longer serve on the board. Board thanks him for his work with and for the community.

Many board members responded as that they object but agree if member wants to resign.

Pulkit and the board have thanked the exiting members for their work and dedication to the lake community and are all encouraged to please stay involved.

Marilyn was asked to please reconsider her resignation as a board member by Tarak and seconded by Rinam, to please reconsider and stay until the elections in September., although the board cannot decline anyone's resignation but can ask to reconsider. Marilyn thanked the board for their support and will reconsider her resignation and inform the board of her final decision.

Don motioned that we table Marilyn's resignation until the next meeting, Tarak seconded. Motion passed unanimously.

**Election Committee:** This is not a vote item, members of the Election Committee approved by the chair.

Paul Cecala-chair, appointed by Pulkit

No vote needed.

Full committee to be selected by chair/LPPOA president.

All committee members are members in good standing.

SusieShah

Dan added that if Marilyn opts to stay on the board, she cannot be on the election committee.

The following members will serve as alternates.

Sean Garvey

Reetik Parikh

Mary Pruczyki

**EVENTS Committee**

Motion made to approve events as a BYOB event:

1-Olympic Watch Party

- John questioned if the Olympic Watch Party is not intended for all ages, so we will make the Olympic Watch Party is not a sanctioned BYOB event

2-Adults Concert motioned as BYOP by Pulkit.

- Beach Manager wants to plan for this event in July or August. Can BYOB be approved even though date is not firmed up.

The Adults concert will have a free concert by a local Parsippany band, at one of the beaches, not yet know, other games will be provided. This will be a BYOB and 21 and older only.

Motion seconded by John. All approved. Motion passes unanimously.

**BEACH RENTAL**

Discussion by Pulkit about benefit of opening the beaches

These would be private events.

Pulkit motions to open Johnson Beach for Rentals, Seconded by Dan.

Are there any concerns about the bathrooms at Johnson's. Pulkit will have maintenance staff clean out and repairs if able. If there are issues, we will not rent.

Danny suggested we check with our insurance company, specifically what coverage we have.

Pulkit wanted to approve this based on 'contingency', specifically hazards, bathroom functionality and our insurance coverage, Debbie Orme to be involved and overseeing rentals.

Motion: open Johnson Beach for Rentals based on contingencies stated above made by Pulkit, seconded by Dan.

Pulkit	YES
Dan	YES
Danny	YES
Tarak	YES
John	YES
Don	YES
Darshana	YES

Rinam	YES
Manisha	YES
Deepa	YES

Motion passes, all in favor.

### **Drewes Beach**

Motion to rent Drewes beach out on “**contingency**” and **insurance** made by Pulkit, seconded by Deepa.

Discussion: What kind of concerns do we have about wall blow out. Pulkit added review of repair is in progress and until that is done, the area will be blocked off so that nobody can go into that area. This would be added to the contract, and Pulkit will address this specific concern with our insurance.

Tony asked why we don't wait until we get repair review and analysis until we get a response.

Deepa questioned why this is different than any other event that we have. Tony explained difference, and John clarified that if it was a private event, we would have no control than we do over events run by and sanctioned by the LPPOA.

Deepa states probably best to table until next board meeting when we have additional information available.

Dan doesn't want to table motion. Feels that we should trust the people we empower to make the right choices.

John wants insurance approval. Tony feels that if we rent out, why cant we open it up to sunbathing. Discussion about guards etc.

As a clarification, we are not opening Johnsons or Drewes for swimming at all.

Pulkit	Yes
Dan	Yes
Danny	Yes
Tarak	Yes
John	Yes
Don	Yes
Darshana	Yes
Rinam	Yes
Manisha	Yes
Deepa	Yes
Tony	No

**10 Yes/1 No**

**Motion to rent Drewes (on 'contingency) passes.**



**Motion to open Drewes and Johnson beach for sunbathing only made by Pulkit, seconded by Dan.**

Discussion: Not enough guards to allow for swimming.

Pulkit will have beach managers open the beaches in the morning. John added there are logistical issues with opening the beach for sunbathing, which include bathrooms, cleaning and garbage removal. Will we open the beach without opening the bathrooms? Dan stated that we have previously opened the beaches for sunbathing without opening the bathrooms. Will require beach manager to pick up any trash when they lock up at night. Bill also pointed out in the chat that there is a lot of stuff stored in the bathrooms at Drewes which would prevent it being used. Tony added can we just make the mens room a multi sex bathroom thereby only using one bathroom? Rinam asking if we can work out logistics during a work session? Tony asked for the hours of the sunbathing? Will they have to leave Hoffman after they close then go to the other beaches? How would this work? Would the beaches open for sunbathing be closed or opened after Hoffman hours? Don feels that we can let the Beach Managers figure this out.

**No objections**

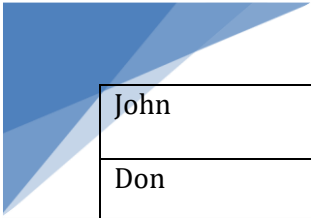
Pulkit	Yes
Dan	Yes
Danny	Yes
Tarak	Yes
John	Yes
Don	Yes
Darshana	Yes
Rinam	Yes
Manisha	Yes
Deepa	Yes
Tony	Yes

Motion passes unanimously.

Pulkit wanted to add the discussion about club house 'helpers'. When we rent the clubhouse, renters are asked if we can provide serving helpers, those who are not on our payroll, and paid for by the member. Perhaps we can assist by putting up ads in News and Views and FB looking for these helpers. Deepa asked if we are responsible if any of these 'helpers' are under our insurance for liability? Dan answered NO, since they are not hired and do not work for the association.

Motion to form scholarship committee made by Pulkit, seconded by John. Feels that no board member should be on this committee. All in Favor. To review and select applicants. Don abstaining from vote at this time. Open to members of the community in good standing.

Pulkit	Yes
Dan	Yes
Danny	Yes
Tarak	Yes



John	Yes
Don	Abstain
Darshana	Yes
Rinam	Yes
Manisha	Yes
Deepa	Yes
Tony	Yes

Motion passes.

Deepa added that the financial review committee report is now on our website.

There being no further business, motion made to end meeting by Pulkit at 1045 PM, seconded by Darshana.

Respectfully submitted

Marilyn Ammirata  
Recording Secretary