

**R-Ranch POA Board of Directors**  
**Working Session**  
**Minutes**  
**Monday, 8/8/2022 6:00pm**  
**Via Zoom Only**

1. Call to Order by Mark Osborne at 6:15pm
2. Pledge of Allegiance led by Mark Osborne
3. Review Zoom Meeting Policies: Mark Osborne
  - a. State your name each time you speak if your video is off, or when you make a motion.
  - b. Votes will be taken by asking each Board Member one at a time
  - c. Board members will abide by the meeting ground rules.
    - i. Board Members will come on time and prepared for the meeting.
    - ii. We will be polite, positive, and respectful.
    - iii. We will refrain from interrupting the speaker, making derogatory statements, or making accusatory remarks.
    - iv. We will listen to learn.
    - v. We will keep our comments concise and to the point.
    - vi. We will take turns in discussions, giving each board member a chance to speak on each round of comments.
4. Roll Call
  - Mark Osborne, President
  - Mark Grenbemer, 1st Vice President
  - Robert Tennes, 2nd Vice President
  - Don Fukushima, 3rd Vice President
  - Jason (Jay) Adams, 4th Vice President
  - Curtis Hancock, Treasurer
  - Emilie Simmons, Secretary

Heath Kauffman, General Manager  
***All Directors are present, quorum is established.***
5. Hearing no objections, the agenda was set by Mark Osborne.
6. **Robert Tennes made the motion to accept the minutes for the 7/25/22 Working Session as presented. Mark Grenbemer seconded the motion. Motion passed unanimously.**
7. Mark Osborne read the following into record: "In executive session, and with the advice of counsel, the Board agreed to form an executive committee consisting of five directors-

-excluding Director Adams and Director Grenbemer--with authority to consider all issues related to a claim filed by Jason Adams before he became a director of R-Ranch.”

8. Mark Grenbemer provided the report for the Executive Meeting on 7/25/22. The board met that day to discuss legal and personnel matters.
9. R-Ranch Update Report provided by General Manager Heath Kauffman
  - a. QuickBooks Update: IT guy is coming to download the repaired QuickBooks files. Headquarters will be moving to QuickBooks online once the desktop version has been completely restored and updated.
  - b. Final Inspection Status: We are supposed to do the final walk-through on Saturday, August 13th and get the keys if all goes well.
  - c. Insurance Update: the broker requested more information, and it was sent. It is very hard finding anyone willing to insure us.
  - d. McKinney Fire Impacts: It is 1.8 miles to the edge of the evacuation zone from the Stables. We moved the office back to Headquarters today, and got 2 computers hooked back up. The IT guy is coming to hook everything back up and download QuickBooks. We plan to bring horses back by the end of the week.
10. Owner Comment Time:

3 minutes per owner, no more than 30 minutes total for this portion.  
Owners addressed the board. Owner Ray Green provided a written statement.
11. Curtis Hancock presented the recommendation from the Ranch CPA, Robert Province

**Recommendation from the Ranch Certified Public Accountant  
Audit Vs Review**

**CPA:** The CPA that the Ranch uses is named Robert Province. He has been involved with the ranch for over a year, but due to the volume of calls and work he has done with us, he feels that he is as familiar with us as a typical 3 year business partner.

**Robert does not recommend doing an audit of any sort at this time.**

- We have high turnover of staff and Board members, so even if a problem is discovered, the person who caused the problem will likely be gone by now, making it nearly impossible to determine where the fault lies.
- An audit requires a lot of steps that just aren't necessary in an organization our size.

**Robert does not recommend doing a fraudulent audit.**

- The person doing that type of audit has to be insured and bonded by another entity. Robert is not, so couldn't do that type of audit for us.
- He doesn't recommend doing a fraudulent audit because they are paid to find something wrong, so they will dig until they find something, no matter how small, to justify their provided service.

**Robert recommends a review.**

- He will have a lot more leniency doing a review than doing an audit, or hiring someone else for a fraudulent audit.
- If he discovers anything like fraud, he will let the Board know so they can decide how to deal with it.
- If the Board gives him some specific tasks to look into, such as where did the money for the cell tower go, he can look for those while doing the review.

**Cost Comparison:**

- A review should cost around \$5,000 to \$7,000, can be done by Robert
- An audit would be around \$15,000, can be done by Robert
- A fraudulent audit runs over \$20,000, can't be done by Robert

**Timeframe for Review:**

- Robert feels that he can perform the review in about a week, and can make time to do so somewhere between 9/7/22 and 10/15/22

**It appears that our By-Laws and the referenced Civil Code allow for only a review.**

***By-Laws, Section 12.5 (b) (iv)***

A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared without an audit from the books and records of the Association.

***CA Civil Code 1365(b):***

(c) A review of the financial statement of the association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

- a. Discussion was held.

Robert Tennes expressed concern that with the changes in General Managers, loss of 12 year office manager, and issues with accounting software, an audit seems justified.

Curtis Hancock announced that an Owner named David is a CPA and is willing to take a look at our books for free. His team can specifically look into any issues we request, but it won't be an audit or review. Neither CPA is recommending an audit.

- b. Action: Emilie Simmons made the motion to have the Ranch CPA do a review in September, have the volunteer owner CPA look into our specific questions, and as part of the budget development for 2023 the board**

**discuss and choose whether to include funding for just a review next year, or a full audit. Mark Osborne seconded that motion. Motion passed unanimously.**

**12. Robert Tennes made the motion to designate Curtis Hancock, Mark Osborne, Mark Grenbemer, and Heath Kauffman as signers on the R-Ranch bank accounts. Curtis Hancock seconded that motion. Motion passed unanimously.**

13. Mark Grenbemer served as Facilitator for the presentation of two different proposals regarding the formation of financial committee or committees.

- a. Proposal #1 was presented by Don Fukushima. His idea is to create a standing financial committee that would handle all financial aspects of the ranch, including budget creation, approval of additional expenditures, and all financial tasks as outlined in the governing documents. Don would serve as Chair of this committee, with volunteer owners and other Directors as committee members.
- b. Proposal #2 was presented by Emilie Simmons. Her idea is to create 2 committees. One would have Heath Kauffman as Chair, and would be tasked with the development of the budget. The other committee would be filled with owner volunteers, and the financial committee would be tasked with looking for ways to reduce expenditures, increase income, and provide recommendations for the development of the budget.
- c. Lengthy discussion was held. Most Directors expressed the need to have two committees, with one committee under Heath's control since developing the budget is in his job description and contract. Don stated that since this is a time crunch issue, he is revising his proposal so that the primary purpose of his committee would be to develop the budget. Curtis replied that Heath is already working on the budget, and has already found other people to help him with it. Don expressed that he should have been notified that a team was already working on the budget so he didn't need to waste his time writing a proposal. Don left the meeting at 9:05pm.
- d. Heath addressed the board and said that he has found a panel of people who are willing to work on the budget with him, and that since it is in his job description to provide the budget, the Board needs to give him the opportunity to present that.
- e. Several possible motions were discussed and retracted. It was clarified that committees are formed at the pleasure of the board, but that Heath as manager is within his rights to form his own team without approval of the board.
- f. **Robert Tennes made the motion to approve the formation of a finance committee with the chair and members of the committee to be determined at a later date, and the structure of the committee to be designed and developed by merging the two proposals that were presented to the board. Curtis seconded the motion. All 6 of the remaining Directors voted in favor.**

#### **New Business**

14. Mark Osborne introduced a proposal for a policy on contacting the R-Ranch Attorney.

- a. Discussion was held, and changes were made, resulting in the following suggested policy:

### R-Ranch Board of Director's R-Ranch Attorney Contact Policy

#### **Purpose**

The purpose of this policy is to clarify the proper procedure to contact or consult the R Ranch Attorney. This policy applies to all Board Members, Trustees and Board Established Committees. This policy will help control legal costs.

#### **Policy**

Consultation with or contacting of the R Ranch attorney shall either be accomplished directly by the R Ranch Board President or by express permission (written or email) of the R Ranch Board President to another Board Member.

An exception may be made in the event of an emergency where time is of the essence and the Board President was unable to be contacted, or by the vote of 4 Board Members in support.

**Violation of Policy:** Violation of this policy may result in the offending party being charged the resulting legal costs to be determined through a vote of the Board.

- b. Mark Grenbemer made the motion to adopt the Attorney policy as revised. Curtis seconded the motion. All 6 of the remaining Directors voted in favor.**

Hearing no objection, Mark Osborne tabled the rest of the agenda items to the next meeting.

The next working session will be Tuesday, August 30th, at 5:30pm via Zoom.

Emilie Simmons made the motion to adjourn. Curtis seconded the motion. Hearing no objections, Mark Osborne adjourned the meeting at 9:36pm.

**Approved by unanimous vote of the Board on August 30th, 2022  
Respectfully submitted by Emilie Simmons, Secretary**

*Emilie Simmons*

## **Supporting Documentation**

Public comment by Ray Green, owner 0499.

BOARD thank you for including owners in the problem solving stages of RRanch.

I want to go on record of stating I am opposed to any regular assessments increase for 2023 and opposed to a special assessment.

I acknowledge that we need money and lots of it if we continue to offer all the same benefits to all owners. Without sufficient data to examine I cannot support increases.

JUSTIFICATION or RATIONAL for Ray Green opposition to fee increases.

1. The Governing documents provide for clear protection for all owners, it clearly indicates a path for how the ranch operates and the process for determining assessments.

I am only going to cite one example. Before assessments can be increased there must be a pro forma budget created and made available to all owners. A significant part of that pro forma budget is the creation of a ledger of all significant capital assets. That report would identify each asset. Provide an expected life of that asset. Provide a current statement as to the repair and maintenance for each asset for current needs and future needs along with expected funds needed to maintain that asset.

I have thoroughly read the past 5 years of meeting minutes and skimmed the past 10 years of meeting minutes. I have not found any documents that would indicate this asset analysis has been done. This asset analysis will be very time consuming to create. I suggest we maintain the 2022 assessments for 2023. This will allow us time to perform this asset analysis over the winter.

Secondarily, I am concerned that without very detailed analysis of current owner use of the RRANCH that any fee increases without showing detailed line item expenses we may lose owners and not obtain exactly what we are hoping for.

THIRDLY, I don't really know how much it cost for each set of benefits provided to owners. Without a real cost analysis we don't know what it cost to operate each facility.

Lastly, maybe we can borrow other dedicated funds to keep the general fund sufficient. We need 12 months to conduct an indepth analysis of the ranch operations.

It has taken nearly 50 years and a horrendous wild fire to get us to this junction in the road. Hopefully no one expects this new board to solve our current crisis overnite. We have many owners that carry the ability and expertise to assist the BOD to gather data and analyze it.

Respectfully submitted Ray Green 0499

**Proposal for 2 Financial Committees**  
**Prepared by Emilie Simmons**

**The issues:** We need to develop a 2023 Budget. We also need to figure out how to cut expenses and increase income. Owners deserve a clear financial picture of the ranch. Owners have expressed a desire to get involved in getting to the bottom of the finances of the ranch. Due to past interactions, certain people are unable to work together.

**A possible solution:** Create two committees with related finance work. The first committee would consist of Owners who volunteer their time to look through the books and make recommendations of where we can cut expenses, and where we can increase funds. The second committee would consist of Board Members, Staff, and Trustees, by appointment, and they would be tasked with taking the recommendations of the first committee into consideration as they develop the budget.

**Why this is the best option:** It enables all interested parties to work on the finances, without actually having to work together, which would resolve some of the interpersonal issues. It allows us to involve owners so that owners will have a full understanding of why we have to make the hard choices. Allowing the first committee to do much of the ground work will save our Officers and paid staff a lot of time when it comes to developing the budget. The first committee will need to put in countless hours of work. The second committee will then take the results of that work and be able to come up with a budget within a much smaller time frame.

	<b>Financial Analysis Committee</b>	<b>Budget Creation Committee</b>
Member Requirements:	Any owner in good standing. Must sign committee member agreement. Owners will be notified of their option to join this committee via email, on the website, via social media, and on the bulletin boards of the Ranch.	5 member Committee must include: 1. The General Manager 2. The Treasurer 3. The CEO/President 4 & 5: Two other members as selected by the Treasurer based on applications submitted.
Restrictions:	This committee will not be provided with individual payroll compensation information. This committee will serve a research and advisory role only. This committee will not have access to R-Ranch employees, and will make requests for information and reports from a single point of contact only.	The members of this committee will be required to sign a confidentiality agreement, as they may be privy to confidential information. This committee will provide the final budget recommendation to the Board. This committee will work closely with staff as needed.
Expectations:	It is the expectation of the Board that this committee will conduct a full analysis of the finances of	It is the expectation of the Board that this committee will use the recommendations

	<p>the Ranch. They will look into expenditures, checking for overspending and expense categories that can be reduced or eliminated. They will look into income, including any potential lost income. They will include with their summary, a recommendation for specific steps that the ranch can take to reduce expenditures, or capture lost or missed income.</p>	<p>from the Analysis Committee, the experience and recommendation of the General Manager, and previous years' budgets to develop a comprehensive and balanced budget proposal for 2023, with as small an increase in Assessments as possible.</p>
<p>Method and Frequency of Meeting:</p>	<p>Weekly, via recorded Zoom. Secretary Emilie will either attend, or review the recording to take minutes.</p>	<p>At least weekly, preferably in person, but with Zoom as an option. Notes will be taken by a committee member.</p>
<p>Timeframe of Work:</p>	<p>This committee will meet weekly, starting August 8th. They will divide up areas of research amongst themselves for individuals or small groups to complete between working sessions. They will submit their findings and recommendations no later than September 5th, 2022.</p>	<p>This committee will meet at least weekly, starting the 3rd week of August. They will submit the proposed budget to the Board via email, no later than October 5th, to allow the Board ample time to review it before making a decision at the October 15th Board Meeting.</p>
<p>Contact Point:</p>	<p>Emilie will be the contact point for this Committee. All requests for information will be made through Emilie, and the requested information will be provided to the committee within 5 business days, if available and appropriate.</p>	<p>Heath will be the contact person for this Committee. All requests for information will be made through Heath, and Heath will provide all requested information within 5 business days, if available.</p>

**R-Ranch Finance Committee Proposal (DRAFT)  
Prepared by Don Fukushima**



## **Summary**

R-Ranch currently faces several significant challenges in providing mandated financial reports and services to the POA in accordance with the R-Ranch Governing Documents (GD). Those required by the end of this year include preparing the proposed budget (operating, capital expenditures/pro forma, reserve funding), annual statement regarding delinquency/foreclosure policy, and review of accounts. Others may be postponed until after the fiscal year. Still, this represents a tremendous undertaking given where we are in the annual calendar year and the current state of the financial record.

The ranch faces an unfunded operating budget liability estimated to exceed \$200,000 for the 2022 fiscal year. To date, no specific plan has been shared with the directors or owners how this shortfall will be resolved. Nor have any income statements or cash flow analysis been prepared to show when the operating account runs out of funds and no clear statement how it will be replenished to meet expenses to year end.

Nothing has been published to describe any allowable inter-account transfers to fund the operating budget shortfall. There is no visibility to monies moving from accounts holding insurance proceeds, lease proceeds, reserves, etc. to the operating account. In short, using protected assets to pay day to day expenses is undetermined at present.

The core financial system runs on QuickBooks (QB) but currently suffers catastrophic data corruption, starting some months back, and unable to produce accurate and timely financial reports and unable to process payroll, resulting in hand writing checks. At present (Aug 3 2022), there is no update stating the essential digital files are restored and brought current nor any contingency or alternate plans on total restoration of the accounting system records.

The ranch's Governing Documents (GD) defines the board's obligations to the Members and specific financial deliverables and timeframes. The most important and critical is the annual budget that must be presented to Members by October 31, 2022. Technically, the deadline is two weeks beyond but for planning purposes it is prudent to target the end of October. It is generally assumed by the board that a special assessment and/or increase in annual assessment is imminent and a foregone conclusion. In order for that to happen, a pro forma budget must be submitted to the ownership.

The uphill climb currently facing the ranch cannot be overstated and the amount of work needed for resolving and delivering the above mentioned work products.

In order to maximize success and minimize risks to achieve these goals, a finance/budget committee is proposed for the board to support Management in tackling these challenges.

This proposal provides the requisite information about the formation, charter, authority, expectations, risks, dependencies, assumptions, and deliverables to meet the relevant obligations stated in the GD.

## **Background**

Recent past boards of the R-Ranch failed in providing the required financial reports and meeting obligations defined in the Governing Documents. They did not provide the necessary resources, guidance, priority, and direction to Ranch Management to be successful, putting undue burden and pressure upon them since Management is fully responsible and accountable for all the required financial work products defined in this proposal.

The current Management organization simply does not have sufficient capabilities, expertise, bandwidth, or time to prepare the required budget deliverables. Owners, board of directors, and staff all want to be successful and for the ranch to achieve a stable and sustainable business operation.

Implementing a standing finance committee augments the Management staff, levels up skills deficits, provides oversight and guidance, and provides general financial support such that Management is able to successfully meet all required financial duties and obligations and deliverables that follow GAAP (Generally Accepted Accounting Principles) and standards.

## **Purpose**

This proposal requests the formation of a committee to provide oversight, support, and, if required, supplement support to Management for the development, preparation, and distribution of required financial deliverables and statements.

The Finance Committee is a standing committee of the R-Ranch, managing and coordinating a recurring agenda of financial related topics at all regular and other board meetings. It is efficient, well defined, minimal external dependencies, and best organized to tackle the challenge ahead.

Initially, the focus is on the 2023 R-Ranch annual budget deliverables and the primary driver for the formation of this committee. It also provides coordination and oversight of all ranch activities that affect the financial state of the ranch. This includes collections and delinquency, capital expenditures, reserve funding, ongoing operational expenditures(budget), projected revenue and income streams, and assisting with unplanned and unbudgeted expenses arise.

All expenditures and deliverables must be approved by the Finance Committee and the board. This includes projected budget expenditures, ad hoc, and unplanned expenditures(beyond stated limits). All requests for new funds set aside for reserves and requests related to fire/rebuild will require Finance Committee review and approval along with general board review and approval.

## **Forming the Finance Committee**

This is a working group of Directors and qualified Members chartered to analyze, develop, and assist Management in producing the necessary financial statements, budgets, reports and other deliverables as defined in the R-Ranch Governing Documents (GD). It is desirable to have Members to participate in shaping the set of services (both entitlements and fee based) the Owners want, need, and expect from the ranch.

### **Committee Composition**

Chairperson - Don Fukushima

Co-Chairperson - Curtis Hancock

General Manager - Heath Kauffman

Communications - Emilie Simmons

ad hoc SME (Subject Matter Expert) - Ranch CPA, Ranch attorney, etc.

Ranch Bookkeeper - adhoc

Members - tbd

- Experience: bookkeeping, data analysis, financial analysis, business operations, project management
- Requisite skills: bookkeeping, proficient working knowledge of QB, Excel, P/L statements, balance sheet, MS Project, basic understanding and application of GAAP (Generally Accepted Accounting Principles)
- Availability, willingness, desire, and passion to serve
- Three to four (SG, BM, RW, ES, BD)

Requirements

- Access to ranch CPA and other SME as needed. Funds will be made available for professional services up to a maximum limit is \$2,500 under this proposal. Additional funding would require separate board approval.
- Committee budget - nominal
- Availability of virtual meeting workgroup tools such as Zoom, document and screen sharing, chat, project tracking tools, standard office productivity tools such as MS Office, cloud based services to support virtual work.

Risks

- QB detailed and accurate and timely reports not available immediately
- Time - meeting deadlines
- Lack of availability of other, required, non-QB financial information
- Lack of requirements as stated above

Deliverables

Refer to estimated deadlines section below. Refer to companion straw model workflow for work tasks and activities necessary to produce deliverables.

### **Timeline**

This is a very high level estimate but provides visibility into the number of activities and interim

deadlines and dependencies of tasks involved with production of a detail budget.

August 15, 2022 Initial consult with ranch CPA and bookkeeping service

August 22, 2022 Detail plan for preparing 2023 budget

August 22, 2022 Finance Committee formed, initiation briefing, and start plan tasks

August 15, 2022 QB Accounting system is 100% accurate, current, and available

August 29, 2022 Define policy and strategy for maximizing collections revenue

August 31, 2022 Establish actual current year deficit in operating account.

September 6, 2022 Review, establish options for resolving current year shortfall

September 6, 2022 Updated chart of accounts, budget categories, tracking

September 13, 2022 First rough cut of expense allocation

September 13, 2022 Establish and prepare special assessment notification if needed

September 20, 2022 First CPA Review

September Prepare Quarterly Financial Report

September 26, 2022 Reserve Study Complete

October 3, 2022 Establish required 2023 Reserve Funding

October 10, 2022 Determine options with estimated assessment changes

October 10, 2022 Final draft of 2023 budget, send to Members for comment

October 24, 2022 Member comments due, first revision to draft budget

October 31, 2022 Proposed 2023 budget GD\_4.2(a)

November 15, 2022 2023 Budget Finalized, Members notification

April 30, 2023 2022 Year-end audit

March 30, 2023 Reserve Analysis and Funding

### **Assumptions**

- QB is fully operational at startup for committee use
- Ranch fully funds all necessary labor and services to restore, rebuild, or otherwise deliver a fully detailed and accurate and timely core accounting system.
- Ranch Management provides fully functional and financially accurate alternative to QB should the restoration efforts fail in the required timeframe.
- Ranch funds purchase of software and other IT services necessary to maximize committee efficiency and team effectiveness. Expenditures exceeding \$500 require board approval.
- All committee members have full access to all financial and accounting records, both digital and hard copy, vendor contracts, invoices, etc. containing relevant financial information.
- Ranch Zoom account is available to the team as required.
- Direct access as required to GM, OM, CPA, attorney, and others possessing financial knowledge, accounting policies and procedures, legal, etc.
- All committee members are expected to actively contribute to review and/or development of work products. This may include review of reports, data analysis, detail account review, research, reconciliation, preparation of financial statements, etc.
- Finance committee is fully approved at board meeting following the August 8, 2022 presentation and starts immediately.
- Preparing budget is expected to take substantial time.

- Providing the current level of service for 2023 required increase in annual assessment.
- Providing necessary funds to close the 2022 current year deficit requires a special assessment, amount tbd based on Management financial deficit reporting.
- Managing the budget process requires project management, accounting, and finance discipline, methods, and expertise.
- Regular standing status and work meeting will be scheduled out until the final budget is approved.
- Revenue from aggressive collections in the current fiscal year estimated to exceed \$100,000.

#### Contingencies

- Manually reconstitute detail financial transactions and reposting to ledger and accounts.
- Recreate monthly actual income statement.
- Building budget based off 2021 actuals, assumed to be accurate and complete.

#### **Critical Success Factors (CFS)**

For the purposes of this exercise, the entire contents of this proposal are critical. There is nothing in this proposal that is optional or anything less than essential. Being stripped to the most basic elements, virtually everything is deemed critical.

#### **REFERENCES and MISC COMMENTS**

##### ARTICLE IX -Duties and Power of the Board

##### 9.1 Specific Powers;

(p) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than quarterly intervals prepare a financial report as determined by the Treasurer, a copy of which shall be delivered to each member.

##### ARTICLE XII - Member Assessment Obligations and Association Finances

##### 12.4 Reserve Accounts;

the board shall maintain a separate and distinct Restricted reserve account for replacement and/or repair of capital improvements and shall deposit into this account a percentage of the annual assessments as denied by board resolution. The board may also open any of the accounts it shall deem necessary to carry out its purposes. All Association books or account shall be maintained in accordance with generally accepted accounting principles.

##### 12.5 Budgets and Financial Statements;

(b) (iv) A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the State Board of Accountancy for any fiscal year in which the gross income of the Association exceeds \$75,000. If the annual report is not prepared by such a licensee, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared without an audit from the books and records of the Association.

##### Misc. comments

##### Section 4.2(a)

The proposed budget and related documents needs to be distributed to Members in the 45-60

day timeframe before the end of the year. Translated, that is end of October to mid-November. Assuming the QB system is current and working 100% by August 1, that leaves about 60 days (end of September) to do all the detail work to get a first cut that can be routed to the Directors for review and comment first of October, leaving 30 days to prepare the final to go to Members. This is an incredibly tight schedule, given what is available currently, and the optimistic deadline of August 1 for the QB system to online and 100%.

Section 4.2(a) Preparation of Annual Budget: Establishment of Regular Assessments 45-60 days

before end of fiscal year (reference Section XII but there are defects in the language as there is reference to code Civil Code 1365 which is under Davis-Sterling; probably a specific example of what Clifford was mentioning on the last call; although, the reference to Davis-Sterling speaks to Member notification)

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Section 4.2(c)

Does not seem a viable pathway to close the current year deficit.

12.5(a) Budget; A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed to members not less than 45 days nor more than 60 days prior to the beginning of the fiscal year and contain:

12.5(b) Year-end audit (we have 120 days post start of new fiscal year)

12.5(c) Annual Statement Regarding Delinquency/Foreclosure Policy (need to check if Davis-Sterling requirement)

12.5(d) Review of Accounts

12.6 Reserve Study (can be deferred beyond what is required to satisfy 12.5(a)(ii) reserve budget