

TO: All Catawba Shores North Condo Association Members

FROM: The CSNCA Board of Trustees

RE: The Memo, Ballot and information regarding a vote on a financial audit

A packet of information was mailed to all CSNCA members on or about December 18th that provided the following information:

- A Memo that outlined that a financial audit had been requested.
- An Exhibit A statement taken from CSNCA By-Laws, Article VIII on Audits and Article III, Section 8, Action in writing without a meeting. These Articles outline why the ballot contains two items: 1 vote for the Action in Writing without a meeting; and 1 vote for whether an audit should be conducted.
- The Ballot
- The proposals and costs for the audit from the 2 CPA firms.

We apologize if due to the Postal Service delays there may be members who have not received the packet by mail. However, the packet has been posted on the CSN website. An email was sent yesterday regarding this information. The website is: www.csnca.net once on the site, go to the *Board of Directors Information* Link > Hit *Information Regarding Audit Vote* link > from there you can read all the information, download your ballot and mail to: Ley Management Group, Post Office Box 164, Gypsum, Ohio 43433.

It has come to the attention of the CSNCA Board that emails are going out from various members to all unit owners regarding the information that was mailed to all CSNCA members regarding the audit vote. Due to the fact that Board members were not included in the emails being circulated throughout the CSNCA community, the Board feels that we must address some of the information being relayed to members. The Board wants to provide further information why it was decided to ask members to vote for Action in Writing without a meeting and, also, vote for whether an audit should be conducted of our financial records at this time.

As you have read in the By-Laws of CSNCA, Article VIII, Audits, it is clear that when a member or members have requested the Board of Trustees to do an audit, the CSNCA members must vote on this request. As the By-Laws state, if a majority of members vote for an audit to be conducted, an audit must be performed and CSNCA must pay for the audit. During the months of September and November, several members emailed the Board requesting a financial audit be performed. Some emails that the Board of Trustees received, intimated that the Board was not being responsive in the request, so therefore, the Board moved as quickly as possible to get quotes from the CPA firm that CSNCA has had a relationship with for years (Soderberg & Brenner CPAs) , and one other CPA firm (Corrigan, Krause, CPAs).

Secondly, since many of CSNCA members are snowbirds or live several hours from Catawba Island, the Article III of the By-Laws was used to allow for Action in Writing without Meeting. This Article allows the Board to take action without a meeting if 75% of members vote yes on this decision. That is why there are two items that need to be voted upon by members. Again, since the Board was receiving multiple

emails requesting an audit be completed, the Board did its due diligence on this request and responded quickly once all the information was obtained.

Both CPA firms did state that after a review of our financial records and statements, they did not feel that a full audit was needed for the size of our condo association. The Board also agrees that a full financial audit is not necessary for a 29 unit condo association and the use of \$20,000 to \$30,000 will have a serious impact on CSNCA Budget. The Board was not comfortable making these statements in the original information mailed to all members. We were concerned that if the Board made recommendations to owners that they felt it was not necessary per the CPA firm recommendations it would be perceived as an unfair manipulation of the vote. The Board made the decision to only present the facts of the proposals and let the owners make their own decisions on how to vote in this matter.⁴

The Board feels there is benefit to getting the owners to make a decision now. If the owners mandate an audit, it can be completed and available for the upcoming season. We will have the opportunity to budget with the impact of the cost of the audit as part of the planning. If the owners vote that an audit is not mandated, we then have months to do our due diligence and consult with the CPAs as to the reasonable options regarding the finances with the ability to present other effective, but hopefully, less expensive options to all the owners.

Certainly, as we move forward into 2021, the Board will continue to look at the recommendations of the CPA firms and the suggestions from CSNCA owners as to what are the best options for our association. The Board does have the best interest of Catawba Shores North Condo Association with all decisions.

I hope this statement will give a clearer picture of why the vote for action and the vote for an audit is being taken at this time. The Board is not rushing this decision, we are merely responding to the request that came forward from members and handling it according to the By-Laws. This does not mean that the discussion regarding finances is finished. The Board is aware there will be further discussion throughout the next year. Whatever the outcome, it will be something the Board will continue to review, analyze and hopefully improve our processes.