

TREASURE ISLAND COUNTRY CLUB

MINUTES OF THE SPECIAL BOARD OF TRUSTEES SPECIAL MEETING held June 19, 2014, at the Grapeview Firehall/Horton Community Center, 4350 East Grapeview Loop Road, Grapeview, WA. The meeting was opened at 5:30PM by President Mike Croke and attended by Larry Grumme, Linda Pryor, Roger Hansen, Ken Sanberg, and David Madson. Also attending were members Daryl Axelson, Jack and Shirley McLaughlan, Gary and Jackie Longmire, Dick and Nancy Benson, Judy Ivanovich, and Rod Wilkinson.

BUDGET REPORTS

Mike Croke updated guests on an issue discussed at the June 14th Board meeting regarding the fees charged for a recent financial audit. As per the engagement letter with the accounting firm, the estimate was not to exceed \$15,000 (\$10,000 to audit the 2013 financial records and \$5,000 to audit the bridge project expenses and special assessment receivables) however the fees invoiced totaled \$40,912. Following a negotiation session with Mike, Larry, and Roger the accountant agreed to cap the fee for the engagement at \$24,750. • Mike noted that the Association's attorney advised that a member who had asked to attend the negotiation session with the accountant did not have the right to do so.

The Trustees reviewed and discussed the Budget and Actual Expense Report for the current budget year ending June 30th. Although the budget was exceeded for both accounting and legal expenses during the current fiscal year, it was determined there was enough surplus from over-budgeted line items to cover the remaining balance for the audit of the 2013 financial records. As previously approved, the expense for the bridge audit is considered a component of the bridge project to be paid from the balance of the loan funds that remain on hand. **MOTION** to accept the negotiated settlement with the accountant and remit the balance due to the accountant was made by David Madson, seconded by Ken Sanberg and passed.

The Trustees reviewed and discussed the Preliminary Budget for July 1, 2014 to June 30, 2015. With less carry-over from the current year than previously expected, the Trustees agreed to make \$10,000 in deductions from some of the line items, most notably from contingency provisions. Discussion was Tabled to later in the meeting.

ANNUAL MEETING AGENDA

The Trustees reviewed and discussed the drafted agenda for the annual membership meeting. The order of business was set, a report on the Reserve Study and a Rules Committee report were added. In keeping with the recommendation made in the Reserve Study, the agenda includes a proposal to approve a Dues increase of \$100 per year per lot to be designated for the Asset Replacement Fund. **MOTION** to accept the Reserve Study report was made by Ken Sanberg, seconded by Roger Hansen and passed. The meeting notice will include information on how to view the Reserve Study on the Association's website and a couple of the (48 page) printed reports will be available at the meeting. **MOTION** to approve the agenda for the meeting was made by Roger Hansen, seconded by David Madson and passed.

AUDIT / RECOMMENDATIONS

A recommendation for a full audit was received earlier this year at a training seminar for non-profit Boards hosted by the Secretary of State (attended by Larry, Roger, and David). The Trustees approved of having the audit conducted and Larry, Roger, and David worked with the accountant throughout the process. The accountant determined that the financial records were free from misstatement.

In response to questions regarding the cost overrun, Mike noted the audit took more time than the accountant had foreseen because the accounting system was based on unlinked spread sheets as opposed to an integrated accounting system, therefore he examined substantially more transactions than he otherwise would have. The accountant indicated to the Trustees working with him that the fee would be higher than estimated, but he did not provide a revised estimate.

As part of the audit, the accountant provided recommendations to improve the internal controls over the Association's accounting procedures and records. The Trustees reviewed these recommendations. These included implementing some administrative procedures such as requiring all Trustees to sign meeting minutes, and performing and documenting reviews of invoices, bank account reconciliations, time cards, and other records.

He recommended that the Association should implement an automated accounting system with file integration (such as QuickBooks). To avoid conflicts of interest, he recommended that employees should not be permitted to serve on the Board of Trustees and that the Association should consider the cost benefit of having a separate Club office that is not located at the personal residence of the Club's Bookkeeper. **MOTION** to accept the accountant's audit and recommendations was made by David Madson, seconded by Ken Sanberg and passed.

BUDGET

Discussion resumed regarding the Budget for July 1, 2014 to June 30, 2015. The Trustees accepted the Budget with the deductions made for presentation to the membership. Expenses related to implementing recommendations made by the accountant are currently unknown; it was suggested that a note be included on the budget mailed with the meeting notice that 'there may be minor adjustments to the line items before the July meeting'.

ADJOURNMENT

Mike Croke adjourned the meeting at 7:15 PM.

Linda Pryor/Secretary

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