

Wild Eagle Lodge Condominium Association

2024 Annual Meeting

Agenda

1. Call to Order
2. Call Roll of Owners and certifying Proxies
3. Proof of Notice of Meeting or Waiver of Notice
 - a. Notice was mailed on September 10th, 2024
4. Reading and Disposal of any Unapproved Minutes
 - a. None
5. Reports of Officers
 - a. 2025 Association Budget – Chris Tabat
 - b. WEL Strategic Plan Update – Chris Tabat
 - c. Association Dues Increase – Chris Tabat
6. Reports of Committees
 - a. ARC Committee Update
 - i. Recommended Contractor List Located on Owners’ Site – Elaine Graf
 - ii. Spring Walkaround in May – Brent Lidwin/Elaine Graf
 - iii. Patriot Epoxy Finish – Brent Lidwin
7. Election of Directors
 - a. Election Results
 - 2024/2025 Board Nominees:**
 - Brent Lidwin
 - Jeff Wildt
 - Carol Tabat
 - Chris Bruno
 - Sara Kortz
 - Chris Grebe
 - 2024/2025 ARC Committee:**
 - Mike Ermi
 - Elaine Graf
 - Brent Lidwin
8. Unfinished Business
 - a. Well Testing – Justin Behling
 - b. Pool Room Improvement Updates - Jeff Wildt
9. New Business
 - a. Maintenance Building Rebuild – Justin Behling\Chris Grebe
 - b. Audit Report Summary 2024 – Jeff Wildt\Carol Tabat\Pauley McKirgan
 - c. New Owner Questions Submitted
 - d. Any Additional Questions
10. Adjournment

2024 Annual Owner's Meeting Treasurer's Report

2024 In Review

At our owner's meeting last year, we presented a budget that, for the 5th year, included no dues increase, but anticipated a special assessment for the dock project. We published, for the first time, an "alpha" version of a Strategic Plan. That plan included preliminary estimates of the anticipated remaining lifespan and costs associated with capital/non-routine projects that we had identified at that point. It also proposed a hybrid approach to funding these projects, with smaller projects being paid for from reserves, and larger projects being paid from a combination of reserves and special assessments. To fund the reserve component, we estimated a minimum annual contribution of \$60,000. While we knew our 2024 budget fell short of that goal, our cost estimates were still sufficiently preliminary that we didn't want to implement a dues increase that was too high or too low. We entered 2024 cautiously optimistic that, with the docks paid for by special assessment, we could accumulate some modest additional reserves while refining our strategic plan dates and cost estimates.

Our financial optimism quickly faded. Failures occurred earlier than anticipated and cost more than estimated. Our pool building HVAC systems failed early in the year, with the main system failing a full 8 years earlier than projected in the Strategic Plan, at a price tag of \$167,000 for full replacement. We were fortunate to find a low cost interim solution, but were told to anticipate a very limited lifespan of that interim equipment due to the corrosive environment. Next, our restaurant tenant ceased operations, creating a negative impact of nearly \$20,000 between lost revenue and increased Association costs. A persistent well problem costs several thousand dollars to remediate. Finally, shortly after increasing our building insurance deductible from \$10,000 to \$25,000 due to a large premium increase, our maintenance building burned down, incurring that new \$25,000 deductible.

2025 Budget

For 2025, we are proposing a two-part approach for our Association revenue requirements. The first component is a balanced operational budget that covers our predictable, established day-to-day expenses. For 2025, the operational budget will require a 10% increase in the regular assessment. The second component will be defined-term Capital Projects/Reserves assessments. These assessments will be based on suites of projects and corresponding funding milestones as defined in the Strategic Plan. The Strategic Plan currently identifies 3 suites of projects and milestones extending out through 2036 at a total cost of approximately \$1.5 million. The first suite of projects focuses on the complete refurbishment of the pool building, including major functional systems and all observable surfaces. It also funds our early work on the restaurant space as we explore a variety of alternatives, with a goal of identifying the most cost beneficial go-forward option for the Association, as well as preventive maintenance on deteriorating areas of pavement. The assessment associated with this first suite, based on just the estimates we currently have, will average \$180.75 per month over three years. Your 2025 Board will determine the exact assessment strategy to be implemented but we are communicating this to you now so you can begin to plan for this assessment in your personal budget. The second suite of projects focuses on building exterior repainting, and the

third on building re-roofing. Please refer to the Strategic Plan for estimates on the funding requirements associated with these later suites of projects.

Nobody enjoys paying more for services. We have all experienced the effects of inflation in many other aspects of our lives over the past few years. The good news is that our 10% operational increase is about ½ of the inflation rate since our last assessment increase in 2019. Monthly assessments at comparable northwoods properties are currently \$638 for a 1 bedroom condo at Northernnaire, \$625 for a two-bedroom condo at the Beacons of Minoqua and \$725 for a 3 bedroom condo at Eagle Waters. The total of both our operational assessment and limited-term Capital Projects/Reserves assessment will still be lower than the permanent assessment of these peer properties. Your board and management team remain committed to providing its owners with a well maintained property in as cost-effective manner as possible.

Wild Eagle Lodge Condominium Association, Inc.
2025 Budget



| | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---|-------------------|-------------------|-------------------|-------------------|
| INCOME | | | | |
| 4012 Dues | 350,664.00 | 350,664.00 | 350,664.00 | 386,172.00 |
| 4010 Rent of Restaurant Building | 2,017.00 | 13,000.00 | 12,000.00 | 0.00 |
| 4325 Pool Revenue | 2,946.01 | 4,617.21 | 4,410.00 | 4,500.00 |
| 4346 Ice Machine Revenue | 1,249.00 | 894.00 | 950.00 | 850.00 |
| 4348 Cable Fee | 140.00 | 415.00 | 350.00 | 415.00 |
| 4350 Site Fee | 7,000.00 | 1,000.00 | 0.00 | 0.00 |
| 4352 Assoc Rental Fee | 1,480.00 | 24,245.00 | 28,750.00 | 28,750.00 |
| 4352 Pontoon Storage Fee | 1,495.00 | 1,480.00 | 1,480.00 | 1,480.00 |
| 4356 Contributing Revenue | 135,077.25 | 17,326.27 | 16,350.00 | 11,680.00 |
| 8500 Miscellaneous Income | 98.00 | 0.00 | 0.00 | 0.00 |
| 8510 Interest Income | 28.41 | 73.22 | 0.00 | 0.00 |
| Total Income | 502,194.67 | 413,714.70 | 414,954.00 | 433,847.00 |
| 5130 Ice for Ice Machine | 1005.18 | 746.06 | 835 | 750 |
| Total COGS | 1005.18 | 746.06 | 835 | 750 |
| Gross Profit | 501,189.49 | 412,968.64 | 414,119.00 | 433,097.00 |
| EXPENSES | | | | |
| 6040 Internet expense | 4,844.56 | 6,108.15 | 6,240.00 | 6,240.00 |
| 6070 Cleaning & Janitorial Supplies | 81.22 | 1,901.45 | 1,885.00 | 1,885.00 |
| 6080 Pool Towels (Laundry Supplies OLD) | 143,588.63 | 9,112.22 | 5,000.00 | 0.00 |
| 6130 Uniforms | 0.00 | 0.00 | 0.00 | 0.00 |
| 6150 Cable/Satellite expense | 14,507.68 | 18,338.49 | 16,620.00 | 18,339.00 |
| 6262 Repairs & Maintenance-blg | 26,130.51 | 26,930.64 | 18,000.00 | 34,500.00 |
| 6272 Repairs & Maintenance-equip | 7,098.23 | 0.00 | 8,000.00 | 0.00 |
| 6282 Repairs & Maintenance-gas | 1,694.02 | 0.00 | 0.00 | 0.00 |
| 6292 Repairs & Maintenance-office | 1,125.14 | 0.00 | 0.00 | 0.00 |
| 6280 Pool Maintenance/Supplies | 14,824.53 | 19,292.96 | 16,000.00 | 20,000.00 |
| 6320 Waste Removal | 33,597.43 | 25,256.12 | 25,200.00 | 26,500.00 |
| 6330 Auto Maintenance | 2,806.23 | 0.00 | 0.00 | 0.00 |
| 6340 Grounds/Parking Lot | 16,717.01 | 52,269.78 | 21,750.00 | 23,500.00 |
| 6850 Electric | 23,059.38 | 26,364.01 | 26,780.00 | 27,250.00 |
| 6860 Gas | 8,687.55 | 8,913.23 | 12,138.00 | 12,138.00 |
| 7000 Office Supplies | 6,603.50 | 511.24 | 500.00 | 500.00 |
| 7010 Postage/Freight | 153.15 | 81.96 | 500.00 | 500.00 |
| 7130 Travel/Meetings | | 86.20 | 150.00 | 150.00 |
| 7420 Dues & Subscriptions | 50.00 | 0.00 | 60.00 | 60.00 |
| 7022 Telephone-Local Service | 4,692.70 | 6,347.54 | 6,390.00 | 0.00 |
| 7032 Telephone-(800) Long Distance | | | | 0.00 |
| 7042 Telephone-Long Distance | 1,654.82 | 0.00 | | 0.00 |
| 7052 Telephone-Cellular | 1,270.20 | 0.00 | | 0.00 |
| 7090 Bank Fees | 493.30 | 482.55 | 650.00 | 500.00 |
| 7192 Advertising - Local & Onsite | 200.05 | 0.00 | | 0.00 |
| 7230 Education/Training | 6,188.00 | 0.00 | 0.00 | 0.00 |
| 8000 Licenses & Permits | 450.00 | -8.00 | 595.00 | 595.00 |
| 8010 Building insurance | 15,485.15 | 21,669.80 | 28,375.00 | 37,000.00 |
| 8020 Auto insurance | 317.00 | 0.00 | 0.00 | 0.00 |
| 8050 Professional Fees | 9,025.00 | 6,170.00 | 650.00 | 7,400.00 |
| 8060 Legal Fees | | | | |
| 8660 Management Expense | 122,580.00 | 184,999.92 | 185,000.00 | 185,000.00 |
| **** Proposed Improvements | | | 0.00 | 0.00 |
| TOTAL EXPENSES | 467,924.99 | 414,828.26 | 380,483.00 | 402,057.00 |
| Cash Flow | 33,264.50 | -1,859.62 | 33,636.00 | 31,040.00 |
| 9110 Depreciation Expense | 6,947.29 | 0.00 | 6,272.00 | 5,213.66 |
| Net (loss) / Gain | 26,317.21 | -1,859.62 | 27,364.00 | 25,826.34 |



2024 ACCOMPLISHMENTS

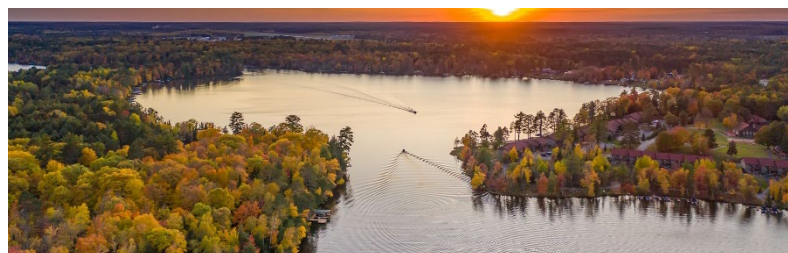


Completed:

- Completed dock replacement project.
- Sold old docks, raising over \$5,000 in additional Association revenue.
- Revised dock reservation procedures and supporting Rules and Regulations
- Eliminated pool towels and local telephone service as cost containment measures.
- Repaved back lot with long-life recycled asphalt.
- Significant progress made on deck staining, path light repair/replacement.
- Created list of recommended third-party service providers.
- Replaced failed HVAC system in pool building common area.
- Installed stop-gap heating and dehumidification solutions for the main pool area after a mid-winter failure.
- Addressed lease default by Anchor Hospitality
- Addressed stubborn Well B contamination issues
- Replaced failing pump relay in Lazy Lynx building
- Cut down over 50 dead or dying trees
- Worked through the aftermath of the Maintenance Building fire, including securing temporary grounds care service.
- ARC committee did an annual Spring walk around ensuring the grounds were looking the best and addressed issues with management.
- Received WELCA board approval on the color and application for the patio epoxy.
- Addressed concerns with the number of dogs that have been on site.
- Continue to remind owners of the importance of having dryer vents cleaned for continued safety.
- Eliminated the WEL Phone expenses from the WELCA budget.

In Process:

- Internal audit, saving the Association \$9,500 over outsourcing to a professional auditor.
- Maintenance building reconstruction
- Identifying alternatives and collecting estimates for pool room refurbishment tasks.
- Replace failing pool filtration units.
- Continue to work with management group on owner's concerns addressed with the WELCA board.



10/26/2024

Board of Directors

Wild Eagle Lodge Condominium Association

2024 Auditors' Report Summary Statement

Following the 2022 Clifton Larson Allen LLP (CLA) audit, the Wild Eagle Lodge Condominium Association Board made some recommended changes. Journal entries provided by CLA were made to correct errors and account 4356 Contributing Revenue was established. Individuals who no longer required access to update the Association books through Quickbooks online were removed. An Asset Inventory was prepared. A Strategic Plan providing estimates of future costs of major repairs and replacements was implemented as required by the Financial Accounting Standards Board. The depreciation policy was modified to streamline the accounting for WELCA as a non-profit.

The other material weaknesses in internal controls that were identified in the 2022 Clifton Larson Allen LLP (CLA) audit were still detected in this 2024 audit. This is the greatest concern of the audit committee. Recommendations are included in the Audit Findings - Internal Controls Section of this report for consideration by the Board.

As was the case in the 2022 CLA audit, no evidence of fraud was identified. It should be noted that the Wild Eagle Lodge LLC (WEL) General Manager (GM), who performs all bookkeeping tasks for the Association, should be commended for prompt response to all requests for information by the audit committee. There are 16 recommendations to the Board in this report.

As was the case in the 2022 CLA audit, bookkeeping errors were found that require corrections to the 2022 and 2023 financial statements. The material weaknesses in internal controls create a risk that the Board will not have accurate financial statements from which to make decisions. The errors detected during the review are noted in the Audit Findings - Financial Statements Section of this report with recommended corrective action. Two action items are identified.

Note that any audit has its limitations and cannot uncover all issues. This audit of 2022 and 2023 was done by owner volunteers and included review of transactions for 2 selected months. There were many challenges and limitations as noted in the Limitations Section of this report. These should be considered when determining future audit frequency and type (internal vs. external). Recommendations are included in the Future Audits Section of this report.

The internal audit committee identified potential considerations for cost savings. These topics are included in the Cost Savings and Revenue Generation Observations Section of this report.

Respectfully submitted,

WELCA 2024 Audit Committee

2024 WELCA Internal Audit

Table of Contents

| | |
|---|-----------|
| Background | 2 |
| 2024 Audit Scope | 2 |
| Audit Methods | 2 |
| Limitations | 3 |
| Audit Findings - Internal Controls | 5 |
| Material Weakness - Financial reporting controls | 5 |
| Record Storage | 5 |
| PC/Software Control | 5 |
| Bookkeeping Practices - Accrual Accounting | 5 |
| Association Dues | 6 |
| Resort Fees | 6 |
| WEL Invoices | 6 |
| Global Rentals | 7 |
| Late Fees | 7 |
| Pool Usage by Public | 7 |
| Depreciation Policy Documentation | 8 |
| Building Identification Documentation | 8 |
| Material Weakness - Segregation of duties | 8 |
| Material Weakness - Formal Agreements | 9 |
| Audit Findings - Financial Statements | 9 |
| 2022 Tax Accounting Entries | 9 |
| Dec. 2022 Charter Bills | 10 |
| Nov. 2022 - April 2023 Building Insurance Bills | 10 |
| Ice Inventory Management | 10 |
| Monthly Accrual Accounting | 10 |
| Cost Savings and Revenue Generation Observations | 11 |
| Account 6320 Waste Removal Expense | 11 |
| Account 8010 Building Insurance Expense | 11 |
| Restaurant Lease Expense Reimbursement | 11 |
| Account 6150 Cable / Satellite expense | 12 |
| Account 7090 Bank Fee Expense | 12 |
| Account 4354 Pontoon Storage Fee Revenue | 12 |
| Ice Cream Sales Revenue | 12 |
| Future Audits | 13 |

Background

Wild Eagle Lodge Condominium Association Inc. (WELCA) is required to audit the financial statements at least every 2 years as stated in the Declaration which is posted on the WELCA Owners website. In 2022 the first ever audit was completed by Clifton Larson Allen LLP (CLA) auditing 2021 financial statements, with their final report published on January 9, 2023.

2024 Audit Scope

As a cost-saving measure, an internal audit of 2022 and 2023 was initiated by the Board Treasurer. It was completed in-house by 5 owners who volunteered their time: Jeannie Loeffelholz (accountant), Dave Luebke, Pauley McKirgan (committee leader), Carol Tabat (committee secretary), and Jeff Wildt (WELCA Board VP). This saved the association \$9,500. The committee decided to audit all transactions for the months of Dec. 2022 and Aug. 2023.

Audit Methods

The approximately 35 General Ledger accounts with activity were assigned to the volunteers such that each account for each month was reviewed by 2 people. Financial statements and other documentation required to execute the audit including detail by account by month for the work results were stored on the WELCA google drive in the “2024 Audit” folder and shared with all committee members so that all work could be completed remotely. This is available to the Board.

The audit began with a kickoff meeting on August 3, 2024. P&L detailed account audit activities took 2 months, starting on August 20, 2024 when the first documentation was loaded onto the shared drive by the GM. Subsequently, seventeen multi-question requests for information were emailed to the Wild Eagle Lodge LLC (WEL) General Manager (GM) to obtain additional documents and explain financial transactions. All requests with answers have been stored on the shared drive for reference. Over 170 hours were spent in total by committee members on performing the audit, in addition to the initial efforts by the WELCA Board Treasurer, and the WEL GM in support of the audit effort. On October 18, 2024 a committee meeting was held to review results and determine recommendations after which this Summary Report was compiled, reviewed, and submitted to the WELCA Board of Directors.

Limitations

The auditor must obtain a sufficient understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures.

However, the nature of an internal audit results in limitations as compared with engaging a professional independent audit.

An attempt was made to identify material findings as noted in this report. Under U.S. generally accepted auditing standards (GAAS), misstatements and omissions are considered material if they, individually or together, could reasonably be expected to influence the economic decisions of users made on the basis of the financial statements. However, in some cases the audit committee could not determine the significance of errors discovered, so they were simply identified, leaving it up to the WELCA Board to determine the impact on the association. Recommendations were included by the committee wherever possible.

Limitations, Difficulties, and Out of Scope items listed below.

1. None of the committee members had prior experience in performing financial audits.
2. None of the committee members were familiar with the WELCA financial procedures and controls currently in practice at the start of this audit, which resulted in a learning curve and many questions to the GM. The validation process was different between accounts depending on who provided the invoice, who made the payment, whether a split % calculation was required.
3. The committee could not locate a CPA among the owners who was able to assist with the audit.
4. While invoices were available for review, several documents and most receipts were not able to be provided by the GM and were therefore not verified as explained in the findings below. The documentation was sometimes mislabelled, duplicated, misorganized or missing, making the audit process difficult and time consuming. Due to missing bills and not following monthly accrual processing, we frequently had to look at 1 or more documents both before and after the month we were auditing in order to fully verify or understand the transactions for a given account.
5. While the 2 months chosen provided a good cross-section of summer and winter and end of year transactions to review, it did not allow the committee to verify that the financial statements for 2022 and 2023 accurately reflect accrual accounting practices.
6. The committee was not able to provide the necessary correcting journal transactions to resolve discrepancies and errors identified, which is something CLA was able to provide for 2021. In at least 2 cases the GM will be identifying and making correcting transactions for errors found during the audit.

7. Review of Treasurer verification procedures was out of scope, however, current practice was documented during this audit.
8. The evaluation of funding for reserves was out of scope.
9. Evaluation of cash flow was out of scope.
10. The Balance Sheet was not comprehensively reviewed. The Monthly Profit and Loss Statements were the focus of this audit. The WELCA Board Treasurer does a monthly reconciliation between the Balance Sheet and P&L.
11. The committee cannot determine if the full years of 2022 and 2023 properly state the financial condition based on Generally Accepted Accounting Principles (GAAP).
12. The examination of the QuickBooks (QB) accounting system to validate who has access to make accounting transactions was out of scope, however a list of those that the GM identified was documented during this audit.

Audit Findings - Internal Controls

A **deficiency** in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A **material weakness** is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entities financial statements will not be prevented, or detected and corrected, on a timely basis.

Material weaknesses related to internal control were identified in the 2023 Audit Internal Control letter dated 1/9/2023 for the 2022 CLA audit. These still apply and represent risk to WELCA as noted below

Material Weakness - Financial reporting controls

Record Storage

Some records were inconsistently saved for some months and not available for our Dec. 2022 audit. The detailed account audit spreadsheet is available to the Board if needed for review.

Recommendation: Records should be stored for at least 7 years.

PC/Software Control

WELCA should have control and access to the WELCA Quickbooks software and bookkeeping records. WELCA has no internal controls over the software.

Current access to WELCA Quickbooks: GM is the only one onsite who makes journal entries in the system, and Northland CPA tax accountant off-site as needed. 2 other individuals have access: Assistant GM (for backup), and the managing partner of WEL (as owner of the system).

Bookkeeping Practices - Accrual Accounting

More monitoring and attention to detail could avoid the errors observed. More training may be needed. There is a lack of detail in terms of bookkeeping and not a lot of backups found. Findings included month to month inconsistencies (expenses should be recorded in the month they occur).

Association Dues

For association dues, total dollar amounts are correct but were not able to be tied back to owners from the periods in audit. We cannot see the actual invoices. No backup for Dec 2022 ACH payments. Had a hard time verifying owners from the periods in audit. Audit committee contacted the bank and found they are able to look back at the Dec. 2022 (Nov and Jan also) and the August 2023 (July and Sept also) transactions. There is a fee of \$25/hr for the bank to work on this and for ACH accounts they can only find the transactions Trace ID's not actual names on the transactions. Someone on the account would have to request this information.

Recommendation: Save ACH info from the bank in a separate file for audit purposes or print hard copy. Keep Dues spreadsheet for every month with owner names next to unit #.

Recommend a CPA review of the process for entering AR invoice for the association dues. A change may be needed. Normally the invoices would be coded to account #4012, not account #1101 Due to/due from. If an owner prepays, the payment can be recorded on the balance sheet as a prepaid-A/R, then adjusted monthly to the Profit & Loss.

Resort Fees

Account 4352 Association Resort Fee cannot be audited properly. Daily rentals through WEL can be accounted for through the Guest Services Ledger. However, Global rentals are confidential information and are not verifiable. The daily rental numbers for Global units were provided per email from the GM with no paperwork to verify. **Recommend** we get access to these numbers for Global/or any outside rental agency on our property and document what the resort fees are being used for.

WEL Invoices

Purchases made by WEL on our behalf where the cost is passed through to WELCA are not trackable and receipts cannot be viewed. The level of detail provided on line items is minimal and made it difficult to audit. In addition the General Ledger entries are not consistently detailed to reflect the individual components of the invoices, making auditing difficult. This is a vulnerability which could be mitigated by establishing our own credit card or other accounts for these purchases. However, giving a WEL employee a WELCA credit card carries its own risks. For the months reviewed, the 5 highest items were \$3,978.57 Dec 2022 Baytowel, \$856.70 Pool door lock for EM Door, \$698.83 Aug 2023 pool towels, \$512.57 Paint/stain for decks, \$331.80 Compressor Rental for Sprinklers.

Recommend that the WEL invoice be updated going forward to identify the account each expense is associated with and for any amount subject to a split percent or other calculation include the calculation in the comments. For example, for a split percent it would include the original cost times the WELCA %. A travel mileage expense would include the mileage times the rate used. This is similar to invoices we may get from contractors that may specify an hourly rate x actual hours. For large ticket items over a certain amount to be defined by the Board, also provide a receipt with WEL info redacted for our records. During future management agreement negotiations, before agreeing to a split for large dollar amounts, look at a sampling of actual invoices with detail. The WEL Invoice could be provided to a WELCA dedicated manager if we have one, or the Board Treasurer each month along with any large ticket item receipts for reasonability checks.

Recommend that the monthly General Ledger report be provided to a WELCA dedicated manager if we have one, or the Board Treasurer each month. It may only need to be reviewed if there is a question about what is in or missing from a specific account.

Recommendation is for WEL GM to provide receipts for all purchases made on behalf of WELCA.

Global Rentals

Verification of account 4352 Association Resort Fee could not be verified for Global rentals. **Suggestion:** Revisit allowing Global and/or any rental agency onto property. Privacy of information makes it difficult to audit this account.

Late Fees

In the 2 months reviewed we paid a late fee (\$22.59) to WPS (Dec. 2022) and a late fee (\$62.46) to Waste Management (Aug. 2023) even though both were on autopay. While the cause of each was unidentified, shifting due dates combined with waiting until the due date to pay contributed in one case.

Recommend that the General Manager schedule autopay bill payment at least 1 week in advance of the due date wherever possible, allowing for confirmation of payments the following week. Consider creating a line item for late fees so the total per year can be monitored.

Pool Usage by Public

While purchase of a pool pass is entered in the Property Management System, there is no register or sign-in log which would substantiate the cash amounts collected from public pool usage or

identify people for liability purposes. They either pay and get a card to go in, or provide a punch card. The procedure does not change based on the payment method. We have no way of determining how many of the people using the pool are owners, renters, or general public which may be important to know when determining the extent to which public use of the pool and the charge per use is considered. **Recommendation:** Investigate ways to identify individuals or units who use the pool area including how many are general public, renters, or owners. Perhaps a log from the key card entry system could provide this information.

Depreciation Policy Documentation

Per CLA, as a non-profit, WELCA does not need to record depreciation, but we have all these assets on the books capitalizing. The policy to discontinue depreciation of new assets in order to simplify the bookkeeping should be documented. The annual journal entries to transition to this new policy as provided by CLA at the last audit should be finished by 2028.

Building Identification Documentation

The Utilities accounts 6850 & 6860 were difficult to review due to USPS address changes and WPS building identification that was done since the WELCA Plat map was created. A WELCA Buildings Identification document was created by the audit committee in order to complete the audit.

Recommend that the General Manager post the WELCA Buildings Identification document created by audit committee (see shared drive) on the owners portal as part of Association Info, Documents and Forms since this may be useful for the owner's reference.

Plats are hard to read and reports should be more legible on the website.

Material Weakness - Segregation of duties

All the bookkeeping for WELCA is done by the WEL GM in addition to all the other duties of a GM, including bookkeeping for WEL LLC. Both WELCA audits have seen evidence of the errors that can happen when all the responsibility is left to one person. **Recommend** that WELCA hire a part-time bookkeeper with the guidance of a CPA available as needed and possibly a manager dedicated to WELCA concerns. That allows more than 1 person to be reviewing financial concerns for WELCA. The WELCA Management Fee paid to WEL could be reduced according to services no longer provided. This would reduce the risk of a conflict of interest. Even in lieu of adding staff, at a minimum, some procedure recommendations contained herein would be warranted.

Material Weakness - Formal Agreements

For the 2021 Management Agreement the revenue split information could not be located. The documentation for the Cable Fee could not be located; it may be in meeting minutes somewhere. In addition, the management fee amount in 2023 Management Agreement Article III did not match the amount actually being paid to WEL. The split documents do not specify the associated General Ledger accounts that apply, making the audit more time consuming and subject to interpretation.

Recommendation: For current and any future Management Agreements: Recommend that going forward Split Revenue or Fee Calculation documents identify the associated GL account number for both revenue and expense components. Recommend that all payments and payment splits from WEL to WELCA for services be explicitly documented (in an addendum if they change) in the same way and final copy of agreement amounts be fully reviewed for accuracy minimally by the WELCA Board President and Treasurer before signed. Cable Fee (which is collected from owners by WEL for WELCA) payment conditions should be documented and posted on the owners website.

Audit Findings - Financial Statements

Material Audit Adjustments

During the audit, we proposed several material adjustments to the Associations books. This was also required for the 2022 CLA audit.

2022 Tax Accounting Entries

In researching our questions, the GM noticed that the association's accountant (Northland CPA) made journal entries to reverse the contributing revenue adjustments that the CLA auditors helped us implement relating to the use of the Contributing Revenue Account. (General Ledger NUM 73R totaling \$14,245.64) for 2022. **Action Item:** The GM has contacted the Northland Tax attorney who said the entries they mistakenly made should be reversed. They do a calculation for the utilities for tax purposes, but the entries should not have been entered into the system.

Dec. 2022 Charter Bills

Research on account 6150 for Dec. 2022 - Charter bills identified incorrect transactions totaling \$7,290.38. Invoices and bank statements show 2 payments in Nov. and 2 payments in January. No Dec. payments. Charter bills November 2022 to Jan 2023 added the payment to the wrong account, putting both payments to the Internet phone account. The GM contacted Charter to correct and send new bills but they did not send them. In January the GM paid the bill off, but did not go back in and make the correction entries to reflect what it should have been. **Action Item:** GM to make 13 correcting journal entries as noted in "Request for Information WELCA 2024 Audit Request for Info 4a 2024-09-08 Charter transactions.pdf".

Nov. 2022 - April 2023 Building Insurance Bills

An apparent 11/1/22 Secura Accounting error in our favor by the amount of WEL premium (\$5,200.20) was never reported or corrected with the Insurance company or the WELCA Board. Bills were missing for 4 months, leaving the 2022 and 2023 P&Ls with misleading totals for insurance costs.

Ice Inventory Management

There is no ice inventory management, we order more when it is low, but we do not do a quarterly inventory as the association does not have an inventory account to use for that. All the purchases just go right into COGs, there is not an inventory adjustment.

Recommendation: Do inventory tracking on a spreadsheet at least quarterly or whenever restocking. Alternatively, an inventory account could be added. The annual cost was \$746.06.

Monthly Accrual Accounting

Specifically, accrual accounting is not rigorously adhered to for a given month unless it is convenient to do so. Attention is given in December to get a transaction in the correct year since the Association has an annual budget. However, missing bills are not noticed in a timely fashion, and the audit committee was unable to validate that the accrual accounting was correct for 2022 and 2023.

For the 2 months audited, lack of monitoring bills and payments each month before closing the books has resulted in late fees (Utilities and Waste Removal) and missing bills and payments (4 months of building insurance and imprecise accrual timing in many GL accounts). Note also the lack of breakdown between electric and gas for Nov. '22. For building insurance, an apparent 11/1/22 Secura Accounting error in our favor by the amount of WEL premium (\$5,200.20) was never reported or corrected with the Insurance company or the WELCA Board.

Recommend that a WELCA Bookkeeper monitor incoming bills more closely and adhere to accrual accounting standards. Typically in accrual accounting, you would keep services/ products in the month they were performed/purchased. This allows monitoring actuals to budget monthly to ensure we are on track. Also, accrual accounting helps keep revenue & expense consistent and in theory, easy to compare year after year as well as showing the slow vs. busy months. The bookkeeper could use a checklist of expected monthly bills with expected amount ranges, reviewing prior to closing the books for the month to ensure that all expected bills have been received and all transactions have occurred. Exceptions can be logged and cleared before the end of the year. The log can be shared with a WELCA dedicated manager or Treasurer and any future auditor.

Cost Savings and Revenue Generation Observations

Possible operating Expense reductions or increases in Revenue for consideration by the Board.

Account 6320 Waste Removal Expense

Waste Management recycles materials for 2 recycle bins near the restaurant. 5 additional dumpsters are picked up. Do we need 2 recycle bins when the restaurant is not in service? We could save \$233.22/month if the smaller one was not picked up. Consider charging the restaurant operator this cost when it is needed.

Account 8010 Building Insurance Expense

We are currently on a 10-pay payment plan; we do not pay a premium in the months of February and March on the 10-pay plan. Consider the least expensive payment frequency option since we don't have an interest bearing checking account. If we can save by paying a year in advance, consider adjusting special assessment or delaying other expenses to allow paying in advance. This would only be an issue in the first year other than allowing for potential premium increases in the budget. If the savings is not significant, consider spreading the payments across all 12 months so it is more predictable and easier to notice if there is a payment issue.

Restaurant Lease Expense Reimbursement

The Blue Heron Restaurant lease states: Tenant shall contract in its own name and timely pay for all charges for electricity, gas, water, fuel, sewer charges, telephone, internet, trash hauling, and any other services or utilities used in, servicing or assessed against the Premises, If Tenant is

using any services on site currently, (e.g. internet service), Tenant shall reimburse Landlord for those services." However, there was no evidence that trash hauling or sewer charges (septic tank clean-out) was paid by the tenant. This would be a considerable savings for the association if the contract were followed. In addition, the calculation for internet services used is not documented. Alternatively, correct the lease before engaging another tenant.

Account 6150 Cable / Satellite expense

Workout room has a TV with Hulu which costs \$35/mo \$420/yr. We have no way of knowing usage of the workout room and actual usage of the Hulu broadcast in that room. That would need to be determined before changing (removing or upgrading) aspects of the workout facility. Note that members of the public who purchase a pool pass also have access to the workout room.

Account 7090 Bank Fee Expense

This account analysis charge can fluctuate monthly - it covers an assortment of charges to the account for various reasons. Ex. Not maintaining a minimum balance (type of account states that), charge for paper statements, etc. For a fee they can verify these charges again requested by someone on the account. At approximately \$40/month we are seeing charges of approximately \$500/yr.

Recommendation: Contact the bank to evaluate the checking account we have now to see if there is another type of account that may be a better fit, potentially saving money. Find out what services we are getting for \$500/yr.

Account 4354 Pontoon Storage Fee Revenue

The total collected for all of 2023 was \$1,480, the minimum stated in the Management Agreement which is calculated at \$5/day per boat rental with a catch-up fee paid to WELCA if the total is less than the minimum. Perhaps collecting a flat fee of \$500 per boat per year (or whatever the going rate is) could be considered for a total of \$2,500 to bring in an additional \$1,020 for the year and simplify the accounting.

Ice Cream Sales Revenue

There is no provision for revenue sharing for Ice Cream sales in the Management Agreement. The building is owned by WELCA. The Ice Cream Shop enterprise is solely on WEL books. The electric bill for this building is part of the 302 complex (office, pool, maintenance building) since that is the closest in proximity, and there is a provision for WEL paying 25% of the 302

electricity in the management agreement. Since WEL presumably makes money from selling ice cream, it may be appropriate for WELCA to negotiate a lease payment for use of the building or a percentage split of the revenue. The gift shop sales are also based solely on WEL books but note that the ice cream shop building is different from WEL's use of the office building since WEL owns the office building in the same way we each own our condo(s).

Future Audits

This internal audit, completed by owner volunteers was time consuming and has disadvantages compared to a professional external audit as noted in the Limitations Section above. However, it does save money and offers a better understanding of WELCA financial processes and potential improvements.

Recommendation: Therefore, we recommend that an external audit be performed next time. Alternating external and internal audits could be considered if 5 volunteers can be raised with sufficient availability for subsequent internal audits, and no substantial changes in the management operations have occurred. This could allow for every year to be audited to increase the accuracy of the financial statements without incurring more cost. However, to keep any future internal audit manageable, the audit committee members should have audit experience and accounting expertise, and the audit materials provided should be organized and labeled with more precision before the start of the audit. Improved documentation recommended in the Audit Findings - Internal Controls Section above should be implemented before another internal audit would be considered.

End of Report

WEL Board Strategic Maintenance Plan
10/28/2024 12:10:21

| Target Year | Title | Category | Cycle (Years) | Cost Estimate | Milestone Balance | Running balance | Average monthly funding requirement for milestone | Comments | Date Identified |
|-------------|---|--------------------------------|---------------|---------------|-------------------|-----------------|---|--|-----------------|
| 2021 | Electrical Upgrades to Blue Heron | Restaurant - see assumption 5. | | -\$5,500.00 | | | | | |
| 2021 | Internet Improvements | Buildings | 10 | -\$4,570.00 | | | | | |
| 2022 | Cable TV upgrades | Buildings | 10 | | | | | Cost unknown. | |
| 2022 | Dock cleats Replacement | Grounds | | -\$2,500.00 | | | | | |
| 2022 | Building exterior gable painting. | Buildings | 15 | -\$13,856.00 | | | | Quote of \$10,000 received from All Surface Painting LLC on 11/30/2021. Chris asked Justin to contact Gene Wilkins for an estimate. Tim asked what our budget was for this work. | 12/13/2021 |
| 2022 | Well pressure tank repairs | Buildings | 20 | -\$6,500.00 | | | | | 9/3/2022 |
| 2022/23 | Audit | | 2 | -\$13,650.00 | | | | | |
| 2023 | Re-seal and stripe lot - estimate \$14-15K. Was part of \$18K capital improvement budget allocation in 2021 but not done. | Grounds | 6 | -\$29,799.00 | | | | \$29,800 in 2023; Previously done in 2017. | 12/13/2021 |
| 2023 | Pool Chemical Controller 1 | Lodge | 20 | -\$3,000.00 | | | | | |
| 2023 | Replace septic lift pumps | Buildings | 15 | -\$24,473.80 | | | | | |
| 2023 | Replace lawn furniture | Grounds | 10 | -\$2,050.86 | | | | Moved to operational grounds budget | |
| 2023 | Actual Starting Balance | | 1 | \$63,912.19 | | \$63,912.19 | | Force balanced based on 2023 budget, YTD actuals | |
| 2024 | Audit | | 2 | \$0.00 | | \$63,912.19 | | CLA price was \$9,500, done internally. | 8/31/2023 |
| 2024 | Exercise room, office and hallway HVAC | Lodge | 20 | -\$11,100.00 | | \$52,812.19 | | | 8/28/2023 |
| 2024 | Dock replacement PAID IN FULL BY SPECIAL ASSESSMENT \$197,625.88 | Grounds | 20 | \$0.00 | | \$52,812.19 | | This is the project described in March 2023 "Dock Update" on the owner's website. | 7/18/2023 |
| 2024 | Dock accessories | Grounds | 20 | -\$14,780.80 | | \$38,031.39 | | | |
| 2024 | Pool room heating short-term solution | Lodge | 3 | -\$7,825.00 | | \$30,206.39 | | | |
| 2024 | Back lot resurfacing | Grounds | 8 | -\$11,800.00 | | \$18,406.39 | | | |
| 2024 | Pool room dehumidification short-term solution | Lodge | 3 | -\$4,500.00 | | \$13,906.39 | | | |
| 2024 | Pool filtration system replacement | Lodge | 20 | -\$8,000.00 | | \$5,906.39 | | | |
| 2024 | Maintenance building fire | Lodge | | -\$25,000.00 | | -\$19,093.61 | | | |
| 2024 | Hot tub heater (Pool heater 3) | Lodge | 20 | -\$3,000.00 | | -\$22,093.61 | | | |
| 2024 | Well issues | Buildings | 20 | -\$12,000.00 | | -\$34,093.61 | | | |
| 2024 | Phone System Cabling/Upgrade | Buildings | 20 | \$0.00 | | -\$34,093.61 | | 7/22/2024 Chris Tabat/Justin Behling. Will assume a VOIP solution if and when necessary at no additional cost to the Association. Note: Many alternative technologies with widely varying costs. Needs further study. | 7/18/2023 |
| 2024 | Reserve contribution from Operational Budget | | 1 | \$33,636.00 | | -\$457.61 | | | |
| 2025 | Asphalt repairs/repaving | Grounds | 6 | | -\$457.61 | -\$457.61 | | Not done with last reseal - will align cycle | |
| 2025 | Blue Heron repair/refurb/replacement | Lodge | 20 | -\$50,000.00 | -\$50,457.61 | -\$50,457.61 | | | 11/29/2022 |
| 2025 | Whirlpool resurface | Lodge | 20 | -\$54,535.00 | -\$104,992.61 | -\$104,992.61 | | | |
| 2025 | Septic cleaning and inspections | Buildings | 3 | -\$7,400.00 | -\$112,392.61 | -\$112,392.61 | | 2022 Charge was \$7,325 | 4/25/2022 |
| 2025 | Additional bumpers | Grounds | 20 | -\$5,250.00 | -\$117,642.61 | -\$117,642.61 | | | |
| 2025 | Pool Chemical Controller 2 | Lodge | 20 | -\$2,200.00 | -\$119,842.61 | -\$119,842.61 | | | |
| 2026 | Kiddie pool resurface | Lodge | 20 | -\$53,570.00 | -\$173,412.61 | -\$173,412.61 | | | |
| 2025 | Pool Chemical Controller 3 | Lodge | 20 | -\$2,200.00 | -\$175,612.61 | -\$175,612.61 | | | |
| 2027 | Pool patio painting and resurfacing | Lodge | 20 | -\$5,130.00 | -\$180,742.61 | -\$180,742.61 | | 6/11/2024 In an EMAIL from Brent, has a quote for epoxy coating for \$5,130. | 7/24/2023 |
| 2027 | Replace pool heater 1 | Lodge | 7 | -\$3,000.00 | -\$183,742.61 | -\$183,742.61 | | | |
| 2027 | Replace Pool Room exterior door and install exit lock | Lodge | 20 | -\$15,000.00 | -\$198,742.61 | -\$198,742.61 | | | |

WEL Board Strategic Maintenance Plan
10/28/2024 12:10:21

| Target Year | Title | Category | Cycle (Years) | Cost Estimate | Milestone Balance | Running balance | Average monthly funding requirement for milestone | Comments | Date Identified |
|-------------|---|-----------|---------------|---------------|-------------------|-----------------|---|--|-----------------|
| 2027 | Pool indoor deck clean and seal | Lodge | 20 | -\$18,400.00 | -\$217,142.61 | -\$217,142.61 | | 10/16/2024 Quote received from Newman Pools for deep cleaning and sealing. Assumes a more major resurfacing won't be necessary. In quote from All Surface Painting, LLC received on 11/30/2021 for gable painting, Jed referenced the poor condition of the pool surface and that it should be skim coated by a concrete contractor before applying epoxy paint. Water line and below is stained. | 11/30/2021 |
| 2027 | Replace deteriorating wainscoting in pool area | Lodge | 25 | -\$9,000.00 | -\$226,142.61 | -\$226,142.61 | | | |
| 2027 | Replace pool building windows with broken seals | Lodge | 25 | | -\$226,142.61 | -\$226,142.61 | | | |
| 2027 | Replace plumbing for pool | Lodge | 25 | -\$10,000.00 | -\$236,142.61 | -\$236,142.61 | | | 7/24/2023 |
| 2027 | Add handicap lift to hot tub | Lodge | 25 | -\$7,000.00 | -\$243,142.61 | -\$243,142.61 | | | 7/24/2023 |
| 2027 | Pool area HVAC & dehumifiers | Lodge | 25 | -\$167,000.00 | -\$410,142.61 | -\$410,142.61 | | | 12/13/2021 |
| | | | | | -\$410,142.61 | -\$410,142.61 | | | |
| 2028 | Replaster swimming pool | Lodge | 25 | -\$90,000.00 | -\$500,142.61 | -\$500,142.61 | | June 2024 - estimate of \$160,000 for 5 year solution. | 11/29/2022 |
| 2028 | Septic cleaning and inspections | Buildings | 3 | -\$7,400.00 | -\$507,542.61 | -\$507,542.61 | | 2022 Charge was \$7,325 | |
| | Funding Milestone paid in from 2025 through 2027 | | | | -\$507,542.61 | -\$507,542.61 | -\$180.75 | | |
| | | | | | | -\$507,542.61 | | | |
| 2029 | Asphalt repairs/repaving | Grounds | 6 | | | -\$507,542.61 | | Not done with last reseal - will align cycle | |
| 2029 | Replace pool heater 2 | Lodge | 7 | -\$3,000.00 | -\$3,000.00 | -\$510,542.61 | | | |
| 2029 | Re-seal and stripe asphalt surfaces | Grounds | 6 | -\$29,800.00 | -\$32,800.00 | -\$540,342.61 | | \$29,800 in 2023 | 12/13/2021 |
| | | | | | | -\$540,342.61 | | | |
| 2030 | Building siding painting and staining | Buildings | 15 | -\$250,000.00 | -\$282,800.00 | -\$790,342.61 | | | |
| | Funding Milestone paid in from 2028 through 2029 | | | | -\$282,800.00 | -\$790,342.61 | -\$151.07 | | |
| | | | | | | -\$790,342.61 | | | |
| 2031 | Security camera system repair/replacement | Buildings | 20 | -\$12,000.00 | -\$12,000.00 | -\$802,342.61 | | Note: Many alternative technologies with widely varying costs. Needs further study. | 9/3/2022 |
| 2031 | Internet Improvements | Buildings | 10 | -\$10,000.00 | -\$22,000.00 | -\$812,342.61 | | | |
| 2031 | Replace pool heater 3 | Lodge | 7 | -\$3,000.00 | -\$25,000.00 | -\$815,342.61 | | | |
| 2031 | Septic cleaning and inspections | Buildings | 3 | -\$7,400.00 | -\$32,400.00 | -\$822,742.61 | | 2022 Charge was \$7,325 | |
| | | | | | | -\$822,742.61 | | | |
| 2032 | Back lot resurfacing | Grounds | 8 | \$11,800.00 | -\$20,600.00 | -\$810,942.61 | | | |
| | | | | | | -\$810,942.61 | | | |
| 2033 | Sprinkler System Controller and Pump replacement | Grounds | 20 | -\$10,000.00 | -\$30,600.00 | -\$820,942.61 | | Note: Costs/lifespans uncertain | 9/7/2023 |
| | | | | | | -\$820,942.61 | | | |
| 2034 | Pool filtration repacking / major maintenance | Lodge | 10 | | -\$30,600.00 | -\$820,942.61 | | | |
| 2034 | Replace pool heater 1 | Lodge | 7 | -\$3,000.00 | -\$33,600.00 | -\$823,942.61 | | | |
| 2034 | Septic cleaning and inspections | Buildings | 3 | -\$7,400.00 | -\$41,000.00 | -\$831,342.61 | | 2022 Charge was \$7,325 | |
| | | | | | | -\$831,342.61 | | | |
| 2035 | Asphalt repairs/repaving | Grounds | 6 | | -\$41,000.00 | -\$831,342.61 | | Not done with last reseal - will align cycle | |
| 2035 | Re-seal and stripe asphalt surfaces | Grounds | 6 | -\$29,800.00 | -\$70,800.00 | -\$861,142.61 | | \$29,800 in 2023 | 12/13/2021 |
| | | | | | | -\$861,142.61 | | | |
| 2036 | Roof replacement (Last replacement 2008) | Buildings | 30 | -\$700,000.00 | -\$770,800.00 | -\$1,561,142.61 | | | 12/13/2021 |
| 2036 | Funding Milestone Paid In From 2030 through 2035 | | | | -\$770,800.00 | -\$1,561,142.61 | -\$137.25 | | |
| TBD | Major septic system work | Buildings | ?? | ?? | | | | | |
| TBD | Major well repair/re-drilling | Buildings | ?? | ?? | | | | | |
| TBD | Major repaving of asphalt surfaces | Grounds | ?? | ?? | | | | Likely past 2036 | |
| TBD | Major repair/resurfacing of tennis court | Grounds | ?? | ?? | | | | Likely past 2036 | |
| | Average monthly contribution of spread out evenly over life of plan | | | | | | -\$151.63 | | |

| | |
|---|---|
| | Legend: |
| | |
| 1 | Entries shaded in green have been completed. Amounts are actuals. |
| 2 | Entries shaded in yellow require additional validation and/or estimates. |
| 3 | Entries shaded in orange are unplanned, after the fact additions |
| 4 | Entries shaded in red are funding milestones |
| 5 | Entries shaded in gray on Pool Detail Tab are in the Maintenance Items tab. All others are assumed to be in the Operational Budget |
| 6 | All other entries represent known, expected expenses and amounts are based on prior occurrences of same or similar maintenance. |
| | |
| | Assumptions: |
| 1 | Life cycle of maintenance is based on either the actual life of original instances, or online references when actual history is not available. |
| 2 | No provision has been made for inflation. Model assumes that revenue/reserve contributions will keep pace with costs. |
| 3 | 2022 Reserve contribution is a derived number representing our actual reserve status as of 12/31/2022, which was a combination of historical reserves and monies accumulated in 2022. |
| 4 | Operational budgets for pool and grounds include funds for some annual routine replacement of smaller items such as lawn furniture, grills, pool heaters, controllers, etc. |
| 5 | Goal is to keep a minimum of \$30,000 in operational reserves for unanticipated expenses. |



Owner Questions



1. Can you sell the units to (illegible) by providing different pictures, because all units have different setups?
 - a. The new PMS system will allow for individual sales and listings. It will go live on 11/20
2. Do you alternate between the units?
 - a. We do rotate the units by total year's revenue, but guests can make requests, and they are honored if possible
3. Place for cleaning up fish is dirty.
 - a. We have increased the number of times we have checked on the fish house to help with this issue
4. Need more BBQ places since second floor are not allowed to have a grill or BBQ
 - a. The board can consider this request
5. Should the deck staining & the Cement slab maintenance (front & back of units) be all owner cost? I thought the owner's portion was studs in.
 - a. The owners do also own the windows, doors, balconies/patios as part of their condo and are responsible for their maintenance. The entry pad would be considered limited or common area
6. Our grill needs replacing. The last time we replaced the grills we all replaced at once. Can we have a conversation regarding this since most customers share/trade grills when they stay.
 - a. We have been replacing the grills on an individual basis, we would be happy to look at your grill. A bulk replacement can be considered by the board
7. Can we have a policy to rent 5-7 day stays around the weekend? We have a customer who rents 3 days mid-week for July 4th, leaving Friday. Often our July 4th weekend does not book then.
 - a. We base the minimums on travel trends and best practices
8. Now we have a ticket system in place can we have a copy of the ticket repair w/our monthly statements? Often, we get a vague statement regarding repairs. Ex. Fix heavy water drip in Master.Bath. What was fixed? New faucet? Seal? What was cost of labor/parts? How long were they there?
 - a. We are limited with the current PMS system in the date we can provide, the new one has a more robust system and should provide more information on issues like this
9. The siding have been bad for a few years. Are there plans to fix or replace?
 - a. The painting of the buildings is on the future planning of the association
10. Is there a reason to use patio chairs on the beach? Couldn't there be real beach chairs & loungers?
 - a. Cost considerations, we have been looking at options that are more fitting for a beach
11. Too many large dogs on the property.
 - a. See question 12
12. Dogs should be banned from the beach.
 - a. This can be a frustrating issue; we do our best to catch people walking dogs on the property and guests who sneak dogs onto the property. We do follow the ADA guidelines, unfortunately there is a lot of leeway in the law that favors people abusing



Owner Questions



the process. Service animals cannot be banned from a location open to the public. I have attached a guide from the Wisconsin Hotel & Lodging Associations attorney spelling out the issue and steps we can follow as it is an industry wide concern

13. Does the housekeeping crew do the; If 1 unit is over on a item and their unit is short on a items do they put that item to the units short or place it in storage and the short unit get charged??
 - a. Yes, we do allow for the movement of items from one room to the other and working them back, or at least not charging. If unit A is short 5 plates and unit B has 5 extra, unit A is given 5 plates and the other 5 plates from unit B come back to storage. Our housekeeping staff reviews the items placed in rooms to catch when this happens and correct our records.
14. Will Owners be assessed any fees on rebuilding maintenance garage?
 - a. The association does have a \$25,000 deductible for its insurance policy.
15. Can lights in parking lots be turned down/off at night? All units have porch lighting, and I believe most people are in for the night by 12:00am and considering all bedrooms are on the lot side, lower lighting would be appreciated.
 - a. For insurance and safety issues, no the lights cannot be shut down and we have no way of dimming the parking lot lights.
16. How many owners are in the association?
 - a. 50
17. We are not in the rental program, but if we re-joined what percentage of revenue do owners currently receive?
 - a. It is a 50/50 split of the revenue
18. How many units are not in the rental program?
 - a. 18 units (17 if you do not count unit 302 – lobby)
19. It would be good if all the board members had their bios on the web site.
 - a. This is a current section on the owners website
20. Are the gutters being cleaned this fall? I'm sure they need it.
 - a. We are scheduling this for the fall, we currently are looking for a vendor to perform this work and have a few requests out already
21. Can anything be done to prevent flies from entering our unit at certain times of the year? In September it can be terrible.
 - a. This year especially was bad, but there is not much that can be done. Many years ago, we had the buildings sprayed, this reduced but did not eliminate the problem and cost a significant amount of money.
22. Put Dryer vent cleaning on annual basis for all units
 - a. The board can discuss this further
23. Who decides on channels pkg for cable TV? Would be interested in sports package with NFL Red Zone and Chicago Sports Network (fishing). Would still like DVR box (at my cost) to tape shows. (requested several years ago).
 - a. The cable service is a hospitality package for a bulk system, the channels are set up by the provider Spectrum. Adding programs or packages to that can be very cost-



Owner Questions



prohibited. Right now, the association pay \$8 per month per unit for the service and \$5 per box, to add the sports package with NFL Redzone is listed as a \$7 per month upgrade for Spectrum, that would be an additional monthly fee of \$1,092. Often with these bulk packages you pay an additional per channel, per box fee, I can find out what that would be for set channels, but in the past when I inquired about this, they range from \$.25 to \$3.50 a channel, with sports channels typically being the most with my past negotiations with cable/dish providers.

- b. I put in a request with Spectrum to be notified when the Hospitality block customers would be able to add a DVR to their package on 6/19/2021 (I have also inquired 3-4 times a year as well with a rep I know), unfortunately it is still something on their wish list. I will be seeing them again in November and will follow up again with it and let owners know if/when this service becomes available.
24. I noticed in the 2025 budget proposal that many of the expenses seem to be related to the rental program, such as internet expenses, cable expense, waste removal. Why is the association paying for these expenses. Also, what is the management expense of \$185,000 for?
- a. Internet, cable, and waste removal are services provided by the association to all units in or out of the rental program and therefore paid out of the dues. The rental program provides for the rental of a unit, not any of the services or utilities for that unit.
 - b. The Management fee covers the items listed in the management contract for operation of the property, like grounds work, snow removal, etc.
25. The list of board candidates has someone that is part of the LLC. Isn't the board supposed to be independent of the LLC? I don't understand how this is legitimate.
- a. The board of directors is elected from the membership of the association, as explained in 2.01 of the Bylaws the membership is made up at all times of unit owners of the condominium. Any unit owner can be part of the board.