

"FOLLOWING THE MONEY"

7/5/7

Conrad Grundke

7/5/7

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LWV MUTUAL ACCOUNTS

- **Setting the Budget**
 - Management Agreement
 - Business Plans
- **Spending the Money**
 - Credit Cards
 - Expense Reimbursement
 - Purchase Orders
 - Cash



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THE MONEY TRAIL STARTS WITH:

The Management Agreement

2007 GRF Management Agreement, page 3, which can be found on:

www.rvoice.org >>> Site Map >>> Documents >>> Corporate Documents

“Any and all expenses incurred by PCM, Inc. are for the benefit of LWV and are to be reimbursed by LWV Corporations.”

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THE TRAIL CONTINUES WITH

• Setting the Budget:

- Version 1 – GRF Completed
 - 2008 GRF v1 Located on RV Website
- www.rvoice.org >>> Site Map >>> Documents >>> Business Plans
- Version 2
- Version 3
- Sign off
 - 2007 located on LWV Website

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HOW DO WE PAY FOR EXPENSES:

- **Money is taken from the LWV Corporation Accounts via:**
 - Credit Cards
 - Expense Reimbursements
 - Purchase Orders
 - Cash
- **So far we have only looked at:**
 - Credit Cards and,
 - Some Limited Expense Reimbursements

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SAMPLE OF CREDIT CARD CHARGES (2005-2006):

Usage	Total
Food	\$41,735.71
Other	\$64,442.24
Travel	\$8,519.61
Total	\$114,698.56

www.rvoice.org >>> Site Map >>> Documents >>> Credit Cards

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EXPENSE REIMBURSEMENTS

- **The following summaries are for two out of nine divisions for 2005-2006:**
 - Finance
 - Human Resources

www.rvoice.org >>> **Site Map** >>> **Documents** >>> **Expense Reimbursements**
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CD	2005	2006	Grand Total
Education	\$6,043.32	\$9,526.32	\$15,569.64
Food	\$9,508.64	\$9,922.02	\$19,430.66
Incentives*	\$5,344.67	\$6,619.80	\$11,964.47
Materials	\$2,162.25	\$901.10	\$3,063.35
N/A	\$16.46	\$993.30	\$1,009.76
Other	\$1,020.37	\$816.93	\$1,837.30
Travel	\$3,725.84	\$1,383.95	\$5,109.79
Grand Total	\$27,821.55	\$30,163.42	\$57,984.97

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- Sample of some of the Food expenses:

- www.rvoice.org >>> Site Map >>> Documents >>> Expense Reimbursements >>>Code = Food (Selected Entries)

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WHO ANSWERS THE QUESTION;

- **Are they Legal?**
 - “Our” Corporate Attorney (HKC)
- **Are they Ethical?**
 - General Manager
- **Are they Justifiable?**
 - General Manager
- **Does it Benefit the owners?**
 - General Manager

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WHY IS LWV UNIQUE?

- We are a Common Interest Development!
- We are a Home Owners Association!
- We are a non-profit Corporation!
- Most people are experienced in the for-profit corporate world. Those rules do not apply to us.

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WHAT MUST WE DO?

- Boards must hire a competent independent attorney to review these charges from a legal standpoint.
- Boards must place measurable controls in the Management Agreement and renegotiate it with PCM.

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WHAT THE BOARDS MUST ASK?

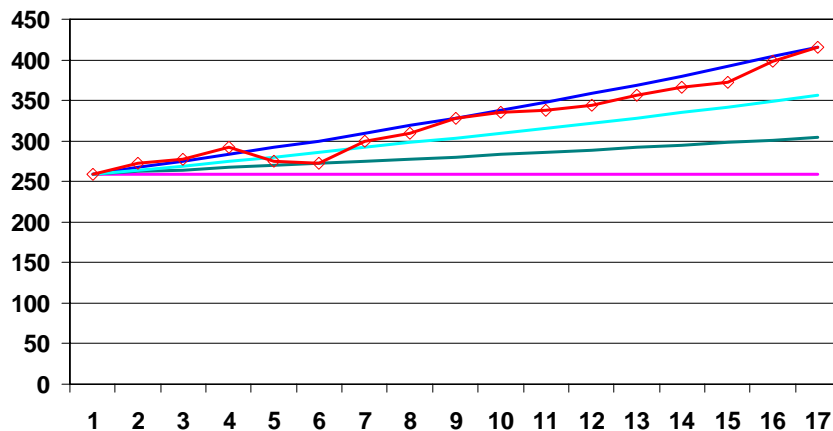
- Mr. Johns stated that, the cost for the employee meals results in “Happy Employees,” which in turn has kept our employee turnover rate low.
- If we have such a resultant “low turnover rate,” why do we spend \$235,000 a year on Recruiting?
- The Board should ask for the turnover rate by employee name and job position to verify the costs.

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Cost w and w/o savings



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WHAT THE BOARDS MUST ASK?

- **What is the overall cost for the Incentive and Bonus Plan?**
- **What impact has the Incentive plan had on our assessments.**
- **Show how the justification is measured and tracked!**

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WHAT IS THE MAJOR INGREDIENT BETWEEN THE OWNERS & PCM

TRUST

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HOW DO WE GET IT?

Measure

&

Verify

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The End

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