



Ranch Cabin Association of Unit Owners

Board of Directors:
Terry Glenn - 360-907-3604
Scot Sutton – 503-347-4685
Roberto de Castro– 503-781-5938
John Warren—541-977-3558
Steve Mahoney - 503-472-8668

www.RanchCabins.org

18160 Cottonwood Rd, #165

Sunriver, OR 97707-0548

Ranch Cabins Association of Unit Owners Fall Meeting Minutes Saturday 10:00 A.M. October 16th, 2021 Meeting Location: SHARC Center

Call meeting to Order

Chairman Terry Glenn called meeting to order at 10:04am

Determination of a Quorum

23 of 39 represented in person or by proxy, a quorum of 50% is achieved.

In Person	By Proxy
Anders Wick (RC6)	Mary Hodam RC2
Steve Mahoney (RC9)	Summer Browner RC15
Linda and Doug Smith (RC11)	Katherine Horn RC18
Mack Brown (RC14)	Doug Brown RC20
Terry Glenn (RC19)	George Wilber RC 21
Anne and Terry Carter (RC22)	Don Stow RC26
Mike Hassen (RC23)	Barsotti/Reynolds RC28
Randi Wolfe (RC25)	Lisa Barsotti RC29
Marcia Kurtz (RC32)	Penny Austin RC30
Roberto deCastro (RC33)	Scot Sutton RC34
Andy and Tracy Klein (RC35)	
Joe and Sherry Wonderlick (RC38)	
John Warren (RC39)	
13	10

Approval of Fall Minutes (Fall 2020)

John moved to accept the Fall Minutes as written, Doug second, unanimously approved

Treasurer's Report

Steve Mahoney presented highlights of Financials through Sept 30, 2021. While we expected to exceed budget by \$16,000 to deal with Ladder Fuel work, we are currently only over budget by \$6,414 and are forecasting year-end to be \$7,700 over budget. If that projection holds, it will reduce the amount borrowed from Reserves and therefore the amount that would need to be repaid to Reserves out of future Assessments. Much credit goes to Gerry for tightly managing expenses to achieve savings in other areas.

John moved to accept the Treasurer's report, Joe seconded, unanimously approved.

Approval of Board Actions

The traditional approval of Board action since the prior Annual Meeting, including the following:

- Approval of RC 7 French drains under dripline
- No approval of RC 25 garbage enclosure
- Vacasa pool access issue and handling
- Approval of RC 23 heat pump addition
- Actions per Spring Meeting Minutes

Doug moved to approve Board actions since last Annual Meeting, Terry Carter seconded, unanimously approved.

Managers' Report - Gerry Stearns reported:

- Painting was currently on-going and expected to be completed within bid of \$10,000. Painting is entirely touch-up on 28 cabins rather than a full repaint of any cabin this year.
- Stump Grinding has begun with 20-30 done out of an estimated 130. Bid is a flat rate to grind all stumps and is expected to be completed by year-end.
- Snow removal contract is expected from Klaver Landscaping within the next two weeks.
- Pool contract is in force until April 2022, pool has been closed and covered.
- Pool phone and garbage have been disconnected for the season

Painting Schedule for 2021

Gerry reiterated a strategy of touching up paint as needed rather than repainting a few entire cabins each year. It was found we were repainting entire sides of cabins that didn't need painting, while window sills, and sun-exposed walls on other cabins looked shabby awaiting their turn for full repaint. This approach has saved money and improved appearance overall. 28 cabins had some work this year, with a focus on furnace chimneys.

Tree Removal for Ladder Fuels, Citation – Status report

Terry reported the Ladder Fuel work was completed at the end of July on budget, but SROA still assessed a \$500 penalty fine for not completing the work by July 7th. Terry and Gerry appeared at a “hearing” to present our efforts. The fine was reduced to \$35. Ironically SROA did not even begin their Ladder Fuel work on commons surrounding Ranch Cabins until Sept.

Stump Grinding Project

Stump Grinding has begun with 20-30 stumps done. Discussion ensued about the next steps which include removing the pile of grindings, refill the hole with soil, and seed. It was discussed the work could be handled by work parties. It was determined the same small group of owners would participate in work parties so it would be more fair to hire the work done. Bids will be obtained.

Firewood Enclosures – bids, funding, etc.

Gerry reported T&T Construction (Tony) who has done much work for RC owners was contacted about bidding construction of wood storage sheds between fireplace and deck on Floorplans A, B, C, and D. Plans E and F were originally built with a wood shed. T&T has not yet offered a bid. Because only 18 of 39 cabins use firewood, this will be an owner expense for those that chose to avoid annual moves of firewood. SROA's Ladder Fuel Reduction Plan allows firewood to be closer than 20 ft from structures after Nov 1. It was agreed returning wood next to cabins could begin occurring now. Randi Wolfe (RC25) indicated she has a contact who will “top off” subscriber wood racks throughout the winter. Those interested may work with Randi to coordinate or obtain contact information.

RC 7 Continuous Fires

Concern was expressed about the nearly continuous fireplace fires in RC 7; the negative effects on other cabins which endure the smoke smell, as well as fire safety risks of over-use of a metal fireplace and chimney. Terry reported the owner had complied with a suggestion to have the

chimney cleaned regularly although we do not have documentation. Owners recognized smoke is generated from other cabin's periodic use of fireplaces, but the impact on neighbors is notably different than nearly continuous use. Membership directed the Chair to contact the Unit Owner to seek a voluntary resolution.

Ad Hoc Financial Assurance Committee Report and Recommendation

Joe Wonderlick presented his review of specific financial tests. His written report is attached to these minutes. He reported practices and procedures to overall be very good and made two recommendations which will be implemented.

Financial Assurance Committee for 2022 will be: Joe Wonderlick, Anders Wick, and Andy Kline

Waiver of Accounting Review for 2021

Although statutes regarding accounting Review may not apply to Ranch Cabins, the safest approach is a membership vote annually on the waiver of the Review. Joe move to waive the accounting Review for 2021, John seconded, unanimously approved.

Pool Review – Plans for 2022, Gate Security

Terry suggested the Pool Monitoring required by COVID had unexpected benefits of greater owner oversight of the pool's condition, trespassers, and occasionally behavior. He suggested some means of continuing those positive elements. Discussion suggested the empowerment of owners to take ownership of the pool may be the key strength backed up with improved signage. There was brief discussion of available security measures such as fob access systems, cameras, etc. No specific action was taken, to be revisited at Spring Board Meeting.

Thanks was extended to Dawn Dalgliesh (RC19) and Anne Hasson (RC19) for planting and care of the flowers in the pool area that many enjoyed.

Roberto deCastro suggested exploring more extensive ways to enhance the pool area, and offered to lead a committee to explore options.

The Pool Enhancement Committee will be: Roberto deCastro, Anne Carter, and Mike Hasson

Sunriver Water Petition for Rate Increase

Gerry reported Sunriver Utility has proposed a substantial rate increase that will impact individual unit owners and the Association. Increased cost to the Assoc could be \$400-\$500 per month in the summer. Owners may make comments to the Public Utility Commissioner. [Note: Hearing took place Sept 27, a decision and implementation of any rate increase is not likely until July 2022.]

Budget Committee – call for volunteers

Terry reiterated the great work of the Budget Committee last year, and its benefit of diversifying input in this important function beyond just the Board. A request for volunteers was made.

The Budget Committee will be: Steve Mahoney, Anders Wick, Penny Austin, Bob Arnold

Election of Board Members

Being an odd-numbered year, two Board Positions were up for election. Scot Sutton chose not to seek re-election. We thank him for his years of service. Four candidates volunteered to serve as Board members: Anders Wick (RC6), Terry Glenn (RC19), George Wilber (RC21), and Joe Wonderlick (RC38).

The Board of Directors cast the votes of directed proxies as directed. Ballots were collected from those present. Secretary Roberto deCastro and John Warren counted ballots.

Elected to the Board of Directors are: Terry Glenn and Joe Wonderlick

Election Process

Andy Kline questioned the transparency of ballots being sent to the Association, which as a practical matter are received by Terry, but acknowledged having Board Members not on the ballot counting ballots was satisfactory.

Spring Board Meeting Date

April 30, 2022 is tentative date of the Spring Board Meeting. May 7, 2022 is back-up date.

Meeting Adjourn at approximately 12:30pm

Executive Session – Board Members Only

Election of Officers

The newly elected Board of Directors met in Executive Session for the purpose of appointing Executive Officers.

Terry acknowledged some Owners sought a change in leadership, and after nearly 25 years as Chair he may be interested in a less demanding role. Planning for such a transition is likely to best serve the Association, and make the job easier for a successor. Steve expressed similar thoughts in regard to his own long tenure as Assoc Treasurer.

It was decided the Secretary would assume a more enhanced Vice Chairperson role, serving in a more active role aside Terry.

Terry Glenn was elected Chairman

John Warren was elected Secretary/Vice Chairman

Joe Wonderlick was elected Treasurer

Design Review

A request for approval of an air conditioner installation and enclosure on the front of RC 35 was reviewed and tabled pending opportunity of the Board to view the proposal on-site.

Executive Session adjourned approximately 1:20pm

Board of Directors

Terry Glenn, Chairman
John Warren, Sec/Vice Chair
Joe Wonderlick, Treasurer
Steve Mahoney
Roberto deCastro

Financial Assurance Committee

Steve Mahoney, Chair
Andy Kline
Anders Wick

Budget Committee

Joe Wonderlick, Chair
Bob Arnold
Penny Austin
Anders Wick

Pool Enhancement Committee

Roberto deCastro, Chair
Anne Carter
Mike Hasson

October 13, 2021

Board of Directors
Association of Unit Owners of Ranch Cabins
18160 Cottonwood Road, #165
Sunriver, OR 97707-0548

RE: Agreed Upon Procedures Report on Test of Internal Controls during 2020-2021

I have performed the procedures described below, which were selected from list of recommended procedures put forward by the Association of Unit Owners of Ranch Cabins (AUO) Ad Hoc Financial Assurance Committee (the Committee) to assist in verifying the operations of the AUO's internal control procedures. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Ad Hoc Financial Assurance Committee

The Committee was formed in response to concerns raised by an owner at the Fall 2018 board meeting regarding the AUO's compliance with state law that requires an audit or a review by a certified public accountant for homeowner associations of the AUO's size. The Committee was tasked with developing a scope of work and locating a qualified professional work. Upon further investigation, the Committee learned that the Oregon Revised Statute cited by the owner was only applicable to an original developer prior to exiting a project upon completion of the development. In the 2019 annual meeting, the membership and board recommended that the Committee remain active and develop a set of tests that could be applied annually on a rotating basis by members of the Committee.

The original Committee consisted of owners Joe Wonderlick, Scot Sutton, John Warren, and Steve Mahoney as Treasurer. Since that time, Scot and John have been elected board members, and Scot formally withdrew from the Committee. Because John and Steve are board members, I carried out the procedures that were affirmed by the remaining members of the Committee as a means to avoid a conflict of interest.

Scope of Work

The scope of work consisted of observing (testing) the operations of selected internal controls based on existing and proposed internal control policies. The specific internal control policies, related tests, and observations are detailed in the following Agreed-Upon Procedures and Results of Observations section of this report. The Committee's intention is to select different procedures from the list with a goal of carrying out all the procedures on a three year rotating cycle. Some controls may be selected more than once in the three year cycle. The Committee may also consider different tests and propose additional policies over time.

While I am a certified public accountant, I have not performed attestation work for many years. In conducting this examination, I attempted to follow the general outline of an attestation engagement known as "agreed upon procedures examination." I sign this letter as a member of this community attempting to add value, and as such I do not certify that all procedures were carried out in accordance with attestation standards established by the American Institute of Certified Public Accountants.

I corresponded with Terry Glenn and Steve Mahoney who provided documentation and explanations regarding the internal controls being observed.. John Warren, a member of the Ad Hoc Committee, who has since been elected to a position on the AUO Board, also contributed.

Detail of Activities and Summaries of Findings

Details of my observations and summaries of my findings are noted in the Agreed-Upon Procedures and Results of Observations section of this report and are an integral part of the agreed-upon procedures.

I did not conduct an examination, the objective of which would be to express an opinion on the design and/or operations of the AUO's internal controls over financial activity. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. I have no responsibility to update this report for events and circumstances occurring after the date of this report. Because sampling techniques were utilized, there is the risk that the sample does not reflect the true characteristics of the population (sampling risk). Sampling risk arises from the possibility that the sample conclusion may be different from the conclusion that would be reached if the entire population were subjected to the same procedures. There are two types of sampling risk'

.the risk of an incorrect finding — the risk that a negative finding is identified, when in fact the items tested are not representative of the population of transactions.

- _ the risk of incorrect lack of a finding — the risk that negative finding is not identified, when in fact the items tested are not representative of the population of transactions.

This report is intended solely for the information and use of Board members and owners of the AUO and is not intended to be, and should not be, used by anyone other than these specified parties.

For the Financial Assurance Ad Hoc Committee,

Joseph E. Wonderlick

Joseph E. Wonderlick
Owner, Ranch Cabin 38

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(See Accompanying Transmittal Letter)

Agreed-Upon Procedures and Results of Observations

The internal control policies, related tests, and our observations are as follows.

1. Cash & Accounts Receivable

- **Policy** - Bank accounts are reconciled every month and reviewed by Treasurer
- **Test** – Review bank reconciliations for the months of December 2020, April 2021, and August 2021
- **Observation** — I reviewed reconciliations for the specified months. The reconciliations were properly prepared in Quickbooks and signed off in a timely fashion. I compared them to the associated monthly bank statements with no exception. The reconciliations were prepared by Terry Glenn. There was no evidence of review by the Treasurer, which is an important control when Terry has access to both Quickbooks and the bank account. Steve Mahoney, Treasurer, represents that he does not review bank reconciliations, but he does review the bank statement each month and follows up with questions to the President or logs into Quickbooks to resolve his concerns. **Recommendation:** The Treasurer should obtain a copy of the bank reconciliations each month from the staff accountant as part of the close process. The Treasurer should then approve the reconciliations and forward them to the staff accountant with a note of approval.

2. Accounts Payable and Disbursements

- **Policy** – Checks/Disbursements are written or executed only by treasurer or president, and all disbursements shall be approved by the treasurer or president.
- **Test** – Select the three largest expenditures during the year, plus three additional random transactions and review the check copy or EFT support showing the initiator of the transaction. .
- **Observation** – I reviewed the support for the six expenditures selected. All items were executed or written by either the President or Treasurer without

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exception.

A monthly payment to Harbor Equity Management was selected. Harbor began providing booking services in the middle of 2020 after longtime bookkeeper Diana Knox retired. Harbor is controlled by Terry Glenn. The Harbor payment selected was signed by Steve Mahoney to offer a good measure of transparency.

One selected payment to Spring River Tree Service was initiated by Terry and cut electronically at the bank. It therefore circumvented the traditional control that requires the Treasurer to sign the checks. The practice of initiating electronic payments is becoming more prevalent in the US, and will likely also expand at the AUO. **Recommendation:** The staff accountant should produce a payment register in Quickbooks as part of the close process each month. This list should be forwarded to the Treasurer, who would then retrospectively approve all payments, regardless of source, by forwarding the register back to the staff accountant with a note of approval.

3. Accounts Payable and Disbursements

- **Policy** – Large expenditures should be responsibly sourced and supported by obtaining competitive bids on a regular basis.
- **Test** – For the following expenditure areas (landscaping, painting, pool maintenance), obtain copies of the most recent competitive proposals. Obtain written narrative that offers explanations for decisions to not pursue current proposals or to purchase from a more expensive vendor.
- **Observation** — These procedures were presented to the board and membership in draft form and they were not fully adopted. They are therefore suggestions. Terry explained there is no formal bid retention policy, but he did cite efforts to go out for bid on landscaping and painting in 2019, with a new painter selected in that round. Insurance was last bid out in 2017. The AUO has a long term relationship with the pool contractor and Terry pointed out that fee increases have been less than the rate of inflation since 2006. The Contractors' billings have increased by 22%, whereas inflation has reached approximately 31% during the 15 year period.

4. Custody/Stewardship of Assets

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- **Policy** — Debit cards and account passwords are secured, bank accounts and Quickbooks carry redundancy procedures for succession or emergency access.
- **Test** — Determine through inquiry how many authorized users are active on the system and inquire about account security.
- **Observation** — Terry represented that full access to the bank is restricted to the President and Treasurer. Full access to Quickbooks is available to Terry and his bookkeeper at Harbor, while Treasurer Steve Mahoney and Field Manager Gerry Stearns have View Only access. Other board members may elect to get View Only access, but none have done so.

Regarding security, Terry represented that 2-factor authentication is in place, the Quickbooks system is backed up in the Cloud, and his laptop is protected by an NIST 800-53 compliant cybersecurity system. There is sufficient redundancy in roles and access to allow the AUO to continue to function in the event of the sudden incapacity of either the President or Treasurer.

5. Reporting and Authority

- **Policy** – Bookkeeper provides a report that identifies significant YTD variances from budget.
- **Test** – For three months during the test year, review bookkeeper budget variance analyses. Report on completeness and adequacy of the explanations. Seek out evidence of board review and approve of the variance report.
- **Observation** – I reviewed board report packets for the months ended December 31, 2020 and August 31, 2021. The packets included a summary description of notable items, monthly and rolling summary income statements, a detail of expense transactions for the month, and an accounts receivable aging. Board member John Warren reported that he receives monthly reports and that there is occasional reply conversation between the board members. There is no formal read-receipt process.

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Summary of Recommendations

The following list summarizes the recommendations identified during the observations.

Recommendation 1: The Treasurer should obtain a copy of the bank reconciliations each month from the staff accountant as part of the close process. The Treasurer should then approve the reconciliations and forward them to the staff accountant with a note of approval.

Recommendation 2: The staff accountant should produce a payment register in Quickbooks as part of the close process each month. This list should be forwarded to the Treasurer, who would then retrospectively approve all payments, regardless of source, by forwarding the register back to the staff accountant with a note of approval.