



Mister Flunker <dfunker@gmail.com>

End-of-year Financial Reports 2022?

David <[REDACTED]>
To: Joe Gimenez <1129jgg@gmail.com>
Cc: windmerewater@gmail.com

Tue, Jan 31, 2023 at 7:31 PM

Mr. Gimenez and all Directors of WOWSC,

Mr. Gimenez thank you for the quick response to my request for financial reports. Please personally insure that each director is provided a copy of this email as I have found no way of communicating directly with the full board of directors.

Directors,

On a quick review of the financial reports provided by Mr. Gimenez I believe you have a serious problem that requires immediate attention and action in your capacity as director and as fiduciary to the corporation and all member owners.

You, and the corporation owners and others, have been provided with financial reports that misrepresent the financial state of the corporation.

Having been given this notice I urge you to take immediate action to have the true financial condition of the corporation ascertained through an audit by a professional licensed auditor and CPA. You may also consider taking temporary action with regards to the duties and responsibilities of those responsible for, and those that perform, the accounting and financial reporting for the corporation based on the egregious errors noted below.

Additionally, the corporation should take action to ascertain whether the misrepresentation of the financial condition of the corporation is being done intentionally or due to incompetence and take all necessary actions to protect the corporation's interests.

Again these glaring errors were identified in a quick review of only the financial reports that were provided for the calendar year 2022 by a layperson. It is likely that similar or other errors may be found in financial reports from prior years, and a professional audit may likely find additional errors in the 2022 accounting and reports, other than those noted here.

At a minimum, I'm requesting you provide restated and proper financial reports for the last 3 years so that the member/owners may have a valid representation of the financial condition of our corporation and its financial management. Additionally, an investigation and assessment by the directors may be prudent to assess whether state or federal laws may have been violated by providing misleading financial reports to lenders, government agencies, or others.

Errors identified in WOWSC Financial reports provided:

Balance Sheet Reports (all):

1. Total Liabilities grossly under reported:
 - example, December 31, 2022 under reported by **\$642,782.89**
 - legal debt not reported in either Current Liabilities nor Long Term Liabilities
 - corrected total liabilities would be **\$1,362,780.13**, almost double what is reported.

P&L Reports:

1. No reporting of bank debt repayment:
 - example, December 31, 2022 YTD report, the total bank note and loan amount was reduced by \$20,005.36 (as reported on balance sheets Jan-Dec) but no accounting for loan repayment on YTD P&L report.
 - this failure to report and account for use of funds prohibits the comparison of principal/interest payment ratio
 - YTD 2022 debt interest paid was \$27,822.95 and only \$20,005.36 in debt principal paid
2. Legal/Appraisal expenses improperly accounted for and reported.
 - example: lump sums of \$10,000 and \$15,000 (approximately) are reported on December 31, 2022 P&L Report
 - YTD amount reported on December 31, 2022 is \$289,567.58 (no accounting for how much interest, principal, or current expense)

- directors reported to the members that they are continuing to incur legal expenses each month and those expenses should be properly reported in the month they occur
- lump sums obfuscate and do not reflect amounts paid for; interest on legal debt, principal amount paid on legal debt, amount paid for legal expense for the given month
- example: as of February 28, 2022 Legal Debt is reported on Summary of Income/Expense report at \$680,748.79 and on December 31, 2022 Legal Debt is reported on Summary of Income/Expense report at \$642,782.89. This calculates to a \$37,965.90 reduction in Legal Debt, however the P&L report represents a total of \$289,567.58 was paid (none of this debt is represented on the Balance Sheet)

Summary Income / Expense reports (all)

1. January 31, 2022 Summary of Income/Expense Report does not report \$600,000+ in legal debt owed by the corporation
2. All provided reports misrepresent YTD total Debt Service amounts and DSCR
 - Debt Service Amount:
 - example: December 31, 2022 summary report states \$46,394.44 in total debt service. Not reported is some portion of the \$289,567.58 for Legal/Appraisal expenses that was payment of principal and interest on Legal Debts and should be represented as additional debt service
 - as referenced in the section above, at least \$37,956.90 of Legal Debt principal was paid in 2022 (debt service), as reported on Feb-Dec 2022 summary reports
 - if properly reported the total debt service amount is at least **\$84,351.34** + an unreported amount of Legal Debt interest paid in 2022
 - failure to account for and report Legal Debt interest and Legal Debt principal payments prohibits reporting additional debt service costs, some portion of the reported \$289,567.58 paid in Legal/Appraisal expenses is likely interest expense on Legal Debt, but not reported as such
 - Debt to Service Coverage Ratio (DSCR):
 - summary report dated December 31, 2022 states a "Net operating income" amount of \$250,099.36, this is not the corporation's "Net Ordinary Income" as reported on the P&L report with the same date which is stated as \$15,009.79 which should be used for DSCR calculation
 - DSCR is incorrectly reported on all summary reports provided, for example, December 31, 2022 reports DSCR of 5.39 instead of **actual DSCR of 0.17** (see NewGen Financial Report commissioned by Mr. Gimenez in 2020)
3. All reports provided misrepresent YTD Debt of the Corporation and Debt to Capital ratio
 - example: December 31, 2022 summary report states \$604,650.47 as YTD Debt of the corporation.
 - on the same report a category titled "Amounts due to Attorneys:" reports a total amount of \$642,782.89 -- **THIS IS A DEBT**
 - if properly reported the **total debt of the corporation is \$1,247,433.36** as of the December 31, 2022 report -- over twice the amount reported and represented in calculating the Debt to Capital ratio
 - the December 31, 2022 report misrepresents the Debt to Capital ratio as 35% when it is actually **73%**

Please acknowledge receipt of this email and request for corrected financial reports. A statement of your intentions regarding these matters would be appreciated.

Sincerely,

David Kerley

Customer #: [REDACTED]

Joe Gimenez wrote on 1/31/23 11:35 AM:

Mr. Kerly,

Please see the attached responsive documents. Let me know if there is more that you need.

Best regards,

Joe

On Thu, Jan 26, 2023 at 2:35 PM WOWSC billing <windermerewater@gmail.com> wrote:

[Quoted text hidden]