

Mr. Marv Bolton, a former Treasurer and HLPOA board member, has raised questions about HLPOA finances and has asked for a response. This is the response of the HLPOA board.

1) What is the board trying to hide?

The HLPOA board has been transparent in its handling of the HLPOA finances. Recently, the board announced that we are, for the first time, posting the monthly financial reports of the organization on the HLPOA website. The board, in a unanimous vote, previously voted in December, 2014 to post its Minutes on the HLPOA website that includes financial matters. The board also suggested and supported the change to the HLPOA bylaws in July 2015 that requires, beginning this year, an annual independent review of the HLPOA financial records. That review of 2015 financial records will be reported to members. The board has responded numerous times to Mr. Bolton's questions during board meetings, in Minutes of board meetings, at the 2015 Annual Meeting and throughout the rest of the year. The HLPOA board enlisted the help of a former Treasurer of the HLPOA who is a graduate of the Wharton School of the University of Pennsylvania and a business owner after Mr. Bolton resigned as Treasurer effective January of 2015 to assist with managing and reporting HLPOA finances. The HLPOA board believes that its handling of the finances during 2014 and subsequently, and the reporting of those finances, has been both accurate and transparent.

2) The 2014 financial reports (presented to the Board by Mr. Bolton and approved by the board at the January 12, 2015 board meeting) were changed when they were presented to the membership at the July annual meeting.

That is true. After Mr. Bolton resigned as Treasurer effective January, 2015, the board began reviewing Mr. Bolton's records that were turned over to the board. As a result of that review, and a decision by the board to change from cash to an accrual method of accounting, a number of changes were made to the financial report that was presented to the members at the July Annual Meeting. Mr. Bolton failed to mention that he also submitted a revised financial report to the board subsequent to the January 12, 2015 board meeting. Mr. Bolton's revised report was not approved by the HLPOA board.

3) Some of the changes were the checking account balance from \$1729.85 to negative \$741.59. This is almost \$2500.00 which has disappeared from the HLPOA books, why?

On numerous occasions, the HLPOA board has explained to Mr. Bolton that the change from cash to an accrual method of accounting beginning January 2015 resulted in that change to the reporting of the checking account balance. There were four checks written on 12/31/14 totaling \$2,471.44 all representing expenses incurred in 2014. Using Mr. Bolton's cash method of accounting, this would represent a significant percentage of 2014 expenses that would have been reported in 2015. The reason the board chose to change to an accrual method of accounting is to better match revenues and expenses in the year they were incurred. If you begin with Mr. Bolton's cash checking account balance of \$1729.85 and subtract the four December checks that had not yet cleared the bank totaling \$2,471.44, the accrual (and real) checking account balance was negative \$741.59 which was reported to the membership at the July 2015 Annual Meeting.

This change, and the reporting of that change, are consistent with accepted accounting principles. The change affects only the reporting of the checking account balance and not the actual cash of the organization.

4) There was \$4536.56 listed as accounts payable for milfoil DASH boat expenses from HLF. Yet they bill HLF only about \$2100.00. This is a difference of about \$2400.00 in assets which are no longer on the books. Where did it go?

When Pat Springstead was President of the HLPOA, Vicky Springstead was President of the HLF and the two organizations shared offices in a building owned by Pat Springstead, the two organizations agreed that the HLPOA and its members would attempt to shield the HLF from potential liability should something happen to a DASH boat diver by having the HLPOA and its members pay the expenses for the DASH boat, including salaries of the divers. The HLF would then reimburse the HLPOA for those expenses. Mr. Bolton's responsibility as Treasurer of the HLPOA was to write the expense checks and submit regular requests for reimbursements to the HLF. On numerous occasions after the HLPOA board began reviewing Mr. Bolton's financial records, the HLPOA board discussed with Mr. Bolton its opinion that the HLF reimbursement to HLPOA for DASH boat expenses appeared to be inadequate for both 2013 and 2014. The review of Mr. Bolton's records of these transactions and discussions with the HLF about a shortfall in reimbursements while Mr. Bolton was Treasurer, occurred over a number of months in 2015. After extensive review and discussions with HLF, a reimbursement was agreed to by the HLPOA board. The agreed upon reimbursement was less than the amount originally estimated by the HLPOA board from Mr. Bolton's hand written records and reported on the financial report made to members at the 2015 Annual Meeting. This difference was in part due to the fact that the HLF informed the HLPOA board that it's books were closed for 2013. Thus, it would only reimburse the HLPOA and its members for the reimbursement shortfall in 2014 and not 2013. The HLPOA board believes that its diligent research into Mr. Bolton's records while he was Treasurer resulted in a substantial financial recovery for HLPOA members. Mr. Bolton is correct in noting the HLPOA board decided to "write off" some of what it believes was owed to the HLPOA by the HLF to avoid a dispute. This difference is reflected in the numbers noted by Mr. Bolton and reported at the 2015 Annual Meeting.

5) They reported salaries expense of \$4086.81 yet the Office Assistants were paid over \$6450.00 in 2014. Where did the rest of the expense go?

As explained to Mr. Bolton, the HLPOA board believed it needed to account for the shortfall as noted above and that is reflected in the different numbers listed by Mr. Bolton. The adjustment made to account for the DASH boat wages that were not collected from the HLF for 2013 was made to 2014 salaries and wages thus making that 2014 expense less than the salaries and wages we actually incurred in 2014.

6) Mr. Bolton questions the handling of his multiple requests related to HLPOA finances by the HLPOA board.

The board believes it properly and professionally handled the numerous and repeated financial-

related requests made by Mr. Bolton pursuant to the Michigan Nonprofit Corporation Act over the past year. The HLPOA board repeatedly told Mr. Bolton that it believed he had all of the financial records he was requesting since he actually created them as Treasurer in 2014 and he retained copies. The board believed Mr. Bolton's requests were actually requests for explanation rather than for documents. The board has repeatedly tried to provide these explanations to Mr. Bolton. In November, the board prepared a detailed written explanation for Mr. Bolton in response to some of his questions in order to try to resolve Mr. Bolton's questions. The board does not believe that it can find a way to further and more clearly explain the differences other than the numerous explanations it has already given to Mr. Bolton.

7) One answer that fits this data is that the board is trying to hide something. This is from a board that ran on a promise of transparency. I believe that the members deserve answers.

The board is committed to transparency and believes it has gone way beyond its legal and fiduciary responsibilities to Mr. Bolton to attempt on numerous occasions to answer his questions. The board has expended significant time and resources to address his questions. The board has not tried to hide anything and is at a loss to understand how it can satisfy Mr. Bolton's desire for answers to questions the board believes it provided in different ways on numerous occasions. The board wants HLPOA members to have a balanced view of the questions raised by Mr. Bolton.