



THE RESORT

AT GULF SHORES PLANTATION

December 3, 2021
Treasurer Update
2020 Financials and Audit
For Immediate Release

All,

Yesterday we received an email from our auditing firm, Grant, Sanders & Taylor. It is embedded in this message for your review. During 2020 Coastline Management breached their contract by failing to create and maintain even the most basic accounting documentation. They didn't create a general ledger or reconcile any bank statements and did not provide an accounts payable schedule. What should be concerning to every member is why this was allowed to continue for an entire year without intervention. As a result, our auditing firm has informed us they are unable to perform an audit for 2020. The concern the auditor expressed about separating hurricane insurance proceeds from the general operating account was validated by the previous board spending at least \$400,000 of insurance money on non-hurricane related expenses without documentation and the under-reporting of \$1,000,000 of insurance proceeds in 2020.

"I've gone over the data/information provided to us for Gulf Shores Plantation's 2020 audit and we simply do not have a complete set of books to actually audit. I realize that Coastline- then Vacasa and now Virtuous have all been provided various information, etc. but despite our trying to make it work there is just not enough information to perform an audit. Below is a list of known items/reports that we do not have for 2020.

-A General Ledger for the entire 2020 calendar year. A general ledger was provided however most recordings start in December 2020 or September 2020. While the ending balances may in fact be correct- from an audit standpoint there is little for us to examine and test. Given the fact that most COA's have significant Hurricane Sally expenses for 2020 and for the proper segregation of the Operating and Reserve funds a detail general ledger is needed.

-Bank Reconciliations for December 2020. When we inquired about the reconciliations, we were provided at least 1 bank statement for December but no reconciliations. In order to maintain our independence, we cannot create bank reconciliations for audit clients.

-Accounts Payable schedule as of 12/31/2020."

Rian M. Turner, CPA
Grant, Sanders & Taylor PC
Certified Public Accountants

The Board has essentially two options. We can hire an accounting firm to recreate a set of 2020 financials at a cost of more than \$25,000 and then litigate to recover our funds from Coastline or make our best effort to review banking transactions for material fraud and live with results going forward. Both Wade and I have gone over all the banking transactions and can't find anything that would indicate a material fraud, although, like our auditor, we can't perform a test and are unable to validate any financial statements from 2020. Given the choice, and after our review of bank statements, the Board has elected to move forward without an audit for 2020. As I stated in my previous release, we can never allow a lack of financial control to happen in the future.

Sincerely,

Bill Shaw
Treasurer
The Resort at GSP