

November 24, 2021

To: All Ohio Republican Party State Central Committee Members
From: Mark Bainbridge, State Central Committee, District 16
Subject: ORP Net Worth Decrease of \$270,600

Dear Colleagues:

How did the ORP's net worth decrease by \$270,600 from January to August 2021?

That is the question I have been asking Bob Paduchik for months and cannot get an answer from him. While it would be my preference to resolve the issues directly with Paduchik, his resolute determination to hide ORP's finances and not address this issue requires me to inform SCC members and raise the question in a public forum.

Please allow me to present the sequence of events that has led me to write this memo. Subsequently, I will walk us through the financial statements and issues that cause me concern.

Prior to the September 10, 2021 SCC meeting, we were provided the August 31, 2021 financial statements. For your convenience, I am enclosing both the August 31, 2021 financials and the December 31, 2020 balance sheet. These will be helpful as I present the financial issues that place the ORP at risk.

At the meeting September 10, 2021, I asked Treasurer Dave Johnson questions about the equity section of the balance sheet. His answers were not satisfactory to me, a CPA with over 40 years of experience. Paduchik referred to George Husted, the political consultant hired by Paduchik, as the person who could answer my questions if I contacted him after the meeting.

Subsequent to the meeting and at Paduchik's direction, Justin Bis and George Husted refused to provide the financial information I requested. Had the Audit Committee and the Fiscal Review Committee addressed the financial issues, resolution could possibly have been handled within the normal structure of the ORP rather than in the public domain. Paduchik has failed to have the requisite meetings of these two Committees thus eliminating the opportunity to review the financial statements and to question the ORP financial position.

At issue is the ORP equity or net worth. Equity is the value of the organization after all liabilities are paid. Equity changes based on financial gains or losses over a given period of time. In other words, the equity as stated on December 31, 2020 will change by December 31, 2021 as a result of adding the net income or subtracting the net loss for the period.

Please refer to the balance sheet for December 31, 2020. The ORP did not provide the equity section, a requisite part of any financial statement. The equity can be calculated by the formula: assets minus liabilities. Applying this formula to the December 31, 2020 statement: Assets \$3,351,511 minus Liabilities \$620,893 equals Equity \$2,730,618.

Please refer to the August 31, 2021 balance sheet. On page 1, second line from the bottom, note that total ORP equity was \$2,125,429. The balance sheet supports this as the correct equity. To restate, equity is simply a calculation of assets minus liabilities. In this case, assets of \$2,599,163 minus liabilities of \$473,734 equal net worth of \$2,125,429.

Determining the change in equity over the eight months from December 31, 2020 to August 31, 2021 is accomplished as follows: December 31, 2020 equity of \$2,730,618 minus the August 31, 2021 equity of \$2,125,429 equals a decrease in ORP equity of \$650,189.

The problem is that the calculated August 31, 2021 equity as shown above is not the same as the equity reported by the ORP. The calculated decrease of \$650,189 is different from the reported loss of \$340,272 by \$270,601. Clearly the numbers have been adjusted so the balance sheet would balance. This is not accurate accounting. Something is quite wrong.

To have \$270,601 disappear from the ORP's equity at August 31, 2021 is a mystery that requires a detailed explanation with proper documentation. Personally, I am at a loss to understand what could possibly lead to such a decrease in equity. As previously stated, Paduchik will not provide an explanation.

This is not the first time ORP equity has mysteriously decreased. Unexplained decreases in equity in prior years has amounted to over \$2,000,000.

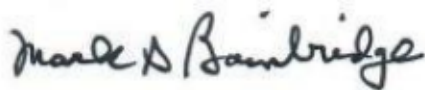
The ORP financial statements I have been able to review have caused me to be quite concerned. The ORP Permanent Rules require that financial statements be audited annually. This has not happened for many years. Because of irregularities I noted in the 2017 and 2018 financial statements, I requested that those years be audited along with the 2019 and 2020. Paduchik has gone to extraordinary lengths to prevent 2017 and 2018 from being audited. The audit firm selected by Jane Timken has resigned due to conflict of interests. No new audit firm has been selected by the Audit Committee.

What is being covered up at the ORP? Why has Paduchik not been forthcoming with the financial information requested by SCC members? What gives Paduchik the right to withhold information from the elected members of the SCC? Why has Paduchik been able to operate with abandon?

The ORP must be transparent and be above reproach in all matters. Financial records must be accurate. Without financial integrity, we will lose our supporters and our donor base. As Members of the SCC, we must fulfill our fiduciary responsibility and demand transparency and financial integrity.

Chairman Paduchik and Treasurer Johnson must resign. If they refuse to step down, the State Central Committee must perform its fiduciary responsibility and force their resignations.

Best Regards,



Mark Bainbridge

