

**Treasurer report 3-24-18**

## Funds on hand

- Operations- \$55,247.88
- Reserves- \$39,939.74
- Total- \$95,187.62
- Increase of \$21,854.82 from last period

# Bond account balance

- \$63,539.87 in account
- Outstanding Bonds= \$55,000 (in financial review 2016/2017)
- Surplus of \$8,539.87 that can be transferred to operations
- Vote to transfer excess to operations account

# Bills paid

- State workers comp fund \$1,286.75
- Legal- \$4,112.50- (2 months)
- CPA- \$410.23
- Office Depot supplies \$421.32
- Office Manager salary

# Reserve Study

- Reserve study required last year now completed
- Reserve study shows shortage of \$25,000 this year
- \$45,000 was borrowed to pay bills in January
- Total shortfall to be made up \$70,000
- Special assessment needed of \$336.54 per property
- Likely increase of 20% in 2019 to fund reserves which would bring annual dues to \$551.04 next year which would increase reserve funding approximately \$19,100

# How did we get here?

- Loss of Unit 1 income \$22,500.80 per year
- No budget prepared this year by prior board
- Over \$38,000 transferred to unit 1 from reserves ( never on agenda or voted by members as required)
- Nearly \$30,000 spent on the Culcasi/Todd incident ( headbutting) which included legal fees, Private investigator report and actual payout to Todd
- Legal fees in excess of \$50,000 with over \$15,000 spent on advise attempting to push trails over one members property who disputed in spite of HOA attorney advise of working out a negotiated settlement and cost to litigate would be \$40-\$50,000
- Significant additional legal expenses to advise on claim from State and claim by former employee

# Continued

- Federal and State taxes not filed for 3 years resulted in suspension of corporate status for nearly 1 year in 2016-2017
- Payroll taxes and W-2's not filed or paid resulting in nearly \$10,000 in back taxes and penalties with majority of that being penalties and interest
- Lack of due diligence in proper filings of also created challenging assignment for CPA creating significantly higher costs in having financials and taxes prepared. ( Approx \$4,000 additional cost)
- Insurance premium's increased over \$8,000 from previous year as a result of application not being filled out accurately with multiple mis statements.
- Broker has assured us that premium will drop significantly providing we have no more claims this year

# Efforts on collection of dues

- Dues collected- \$29,521.11
- Past due dues collected (prior years) \$2296. and additional \$1,043 just arrived not reflected in bank statements.



# Challenges on collection of dues

- We have experienced significant issues with membership list not being up to date
- So far 7 invoices returned due to sales of properties not updated last year in quickbooks. We rebilled new owners, 2 have paid
- 8 additional returns unknown reason at this time and being researched and will report findings

# Trails and Insurance costs

- There were a number of objections to the “Trails Not Maintained” signs
- This was a requirement of our insurance to limit liability.
- We announced at last month's meeting that we were going to place the signage as directed by insurer
- Underwriter actually visited on 3-22-18 to verify compliance
- Broker advised us that any trails crossing non HOA properties would not be covered for any liabilities by our insurance
- Broker has advised to identify Non HOA properties on map
- Broker also advised that any claims resulting from injuries would likely be tendered to any organization that is developing trails outside authority of HOA.
- Broker also advised that it is in our best interests not to fund in future due to disputes as well as potential liability that could further increase costs in event of any claims

# Good news

- Taxes are up to date
- All past due financial reviews are now completed
- Past due reserve study completed (Due last year)
- Budget for fiscal year 2018/2019 completed.
- Insurance, while much higher than historical averages likely to drop next year significantly providing no more claims according to our broker
- Collection of current dues is under way and many past due accounts are coming current.
- We are in position to begin the financial review and tax prep immediately at close of fiscal year for 1<sup>st</sup> time since 2014

# 2018/2019 Budget

Timber Cove Homes Association	
Proposed Budget Revenues and Expenses	DRAFT
Fiscal Year May 1, 2018 to April 30, 2019	
	Proposed Fiscal Year Budget 2018-19
<b>REVENUES:</b>	
Membership Dues - Current Year	\$ 95,514.00
Membership Dues - Prior Year Collectible	\$ 13,644.00
Architectural Fees	\$ 2,250.00
Collection Income	\$ 200.00
Performance Bond	\$ 8,000.00
Finance Charges	\$ 250.00
Late Fee	\$ 200.00
Interest Income	\$ 800.00
Miscellaneous Income	\$ 100.00
Transfer Fees	\$ 660.00
<b>TOTAL REVENUE</b>	<b>\$ 121,618.00</b>
<b>EXPENSES:</b>	
Accounting/ CPA	\$ 11,500.00
Admin/ Bookkeeping	\$ 45,600.00
Annual Meeting Expense	\$ 2,500.00
Architectural Review Costs	\$ 2,250.00
Depreciation	\$ 1,860.00
Income Tax Federal and State	\$ 500.00
Insurance Liability/ Workers Comp	\$ 20,000.00
Legal	\$ 7,500.00
Miscellaneous	\$ 1,040.00
Office Expense (Utilities, etc)	\$ 2,300.00
Office Supplies & Equipment	\$ 3,200.00
Roads Maintenance	\$ 15,000.00
Tree Removal	\$ -
Payroll Taxes	\$ 6,375.00
Tree Removal	\$ -
<b>Expenses</b>	<b>\$ 119,625.00</b>
<b>NET INCOME</b>	<b>\$ 1,993.00</b>
<b>Roads/Fire Abatement Funding:</b>	
Reserve Funding	\$ -
<b>NET INCOME TO/FROM RESERVES</b>	<b>\$ 1,993.00</b>