

Treasurer Report 7-28-18

Agenda

- Bank Balances
- Dues collected
- Outstanding dues
- Collections
- Bills paid
- Legal bills
- Special Assessment
- Road budget and maintenance due

Bank Balances

- Checking- \$51,726.31
- Mailbox Account \$1158.08 (donations)
- Reserves- \$39,909.48
- Total Operations and Reserves- \$92,783.87
- Decrease of \$13,077.24 from previous period
- Bond Account- 69,473.29
- Increase of \$5,036.96

Dues collected

- Collected this month- \$4,796.62
- Collected to date- \$75,043.78
- Total outstanding dues \$22,482

Collections

- We have now sent 4 properties to collections (3 owners)
- 26 pre-lien notices have been sent
- Properties will then to be sent to collections and liens placed if owners fail to bring account current.
- If forced to file a lien, then an additional \$533 of costs will be assessed, **not including** fees from collection agency.

Bills paid this period

- Frontier- office phone \$198.93
- Goranson & Associates \$6,000 audit
- Spaulding and Associates \$2,887.23
- IRS Annual filing 940's Payroll \$3,298.74
- EDD Filing (payroll taxes) \$377.96
- Office Depot (ink, auto enrolment & printer) \$918.40

Legal bills

- We received an additional bill in the amount of \$30,923.10 on legal since last period from new attorney. (This will appear in next period bills paid)
- Bills to date to firm were \$5,000 for legal retainer plus previous period bill of \$2,887
- Legal bills currently spent of defense to Spaulding firm amount to \$38,810.33 and are expected to reach \$100,000 this year.
- Costs are extremely high in litigation. Our current firm however is producing valuable work product
- Legal budgeted for \$7,500 (budget was prepared prior to filing of Lawsuit) so we have already exceeded the budget significantly
- Our attorney has met with John Gray on June 8th and obtained documents required in discovery for Lawsuit.
- Discovery and admissions are in process and complaint has been answered

Legal continued

- On 7-19-18, John Gray attended court with our attorney for a case conference with opposing council and judge
- Scheduling of the trial was discussed and determined that neither side was yet prepared to schedule a trial.
- New case conference to set trial date has been scheduled in November this year
- Reason- Our attorney needs time to sort through records provided by previous firm and Discovery documents and admissions has given opposing council reason to amend complaint to add John and Jane Does as defendants. The postponement is to allow time to amend the complaint and serve additional defendants as well as give our council time to properly prepare our defense.

Special Assessment

- As stated in previous reports, we will have a special assessment of approximately \$336 to bring reserve fund for roads to minimum funding requirement
- This comes from a shortfall of \$25,000 per our reserve study and borrowing of an additional \$45,000 to pay our bills leaving a total of \$70,000 shortfall in road reserve fund required.
- We have been advised to expect \$100,000 in fees this year to defend the lawsuit by our current attorney. Our legal budget this year is \$7,500
- This compares to an estimate of \$200,000- \$300,000 by our former representation.
- Additional legal fees paid and expected to be paid bring our funding shortfall to \$170,000 (not including any adverse judgement against HOA)
- The fees amount to an assessment of \$444.71 per property (additional \$92,500 over budget)

Special Assessment

- \$444.71 plus \$336.53 come to total assessment of \$781.24
- This unfortunately does not cover any judgement that could be assessed against us in a trial.
- Members will be kept informed as we learn more and your board is working to defend our membership and intend to hold those responsible accountable.
- Move to send out assessment this month

Special Assessment How did we get here?

- Unit one left association leaving us with reduced income of over \$22,000 a year (we still could have absorbed this with some cost cutting)
- Transfer of \$38,000 from reserve account to Unit 1 road fund (never noticed on agenda for membership)
- Nearly \$30,000 spent between legal advise, private investigator reports and the payment to Brian Todd for his legal defense on the assault charge
- Over \$9,000 in back taxes, penalties and interest due to failure to file or pay taxes over a 3 year period
- Over \$15,000 in legal advise to attempt to push trails over a disputed property after being advised by our previous attorney who is a qualified land use attorney that we have no deeded easements and cost to litigate would be \$40-\$50,000
- Trail costs in development and surveying after this advise in excess of \$11,000.

Special Assessment How did we get here?

- Insurance non renewed then canceled for multiple misrepresentations resulted in costs close to \$10k over historical averages
- Lawsuit brought by former employee alleging invasion of privacy and defamation costs already in excess of \$38,000 with new attorney and expected to reach \$100,000
- Denial by insurers put all of us on the hook for entire cost by law.

Special assessment

- Who's actions are responsible for this cost to all of us ?
- You decide

Road Budget and maintenance due

- This years Roads budget is \$15,000
- We will need to hold off majority of this spend due to the legal fees owed and special assessment collections
- We still strive to have some maintenance completed and minimal upgrades
- Road sweep was voted on last month and completed this last week
- Cost was \$2,500 and is part of the allowed budget.(to be included in next month bills paid)
- We are currently seeking bids to complete laying of Rock for our mailbox turnout.