

Kelly Ridge Estates Owners' Association
Balance Sheet
As of February 28, 2017

	<u>Feb 28, 17</u>	<u>Jan 31, 17</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
BANK OF WEST CHECKING 128003688	26,679.44	26,298.82	380.62	1.45%
BK OF WEST UNIT 7 SAVINGS *3688	31,679.49	31,679.49	-	0.0%
BoW Money Market Sav. *8113	75,159.48	75,152.56	6.92	0.01%
Total Checking/Savings	<u>133,518.41</u>	<u>133,130.87</u>	<u>387.54</u>	<u>0.29%</u>
Accounts Receivable				
ACCOUNTS RECEIVABLE				
Accounts Receivable Advertising	0.00	50.00	(50.00)	-100.0%
ACCOUNTS RECEIVABLE DUES	13,645.50	15,941.50	(2,296.00)	-14.4%
ACCOUNTS RECEIVABLE WEED CUTTING	3,120.00	5,550.00	(2,430.00)	-43.78%
LIENS RECEIVABLE	10,087.00	10,285.00	(198.00)	-1.93%
ACCOUNTS RECEIVABLE - Other	425.00	400.00	25.00	6.25%
Total ACCOUNTS RECEIVABLE	<u>27,277.50</u>	<u>32,226.50</u>	<u>(4,949.00)</u>	<u>-15.36%</u>
Total Accounts Receivable	<u>27,277.50</u>	<u>32,226.50</u>	<u>(4,949.00)</u>	<u>-15.36%</u>
Other Current Assets				
Prepaid Postage	87.53	102.90	(15.37)	-14.94%
UNDEPOSITED FUNDS	195.00	405.00	(210.00)	-51.85%
Total Other Current Assets	<u>282.53</u>	<u>507.90</u>	<u>(225.37)</u>	<u>-44.37%</u>
Total Current Assets	<u>161,078.44</u>	<u>165,865.27</u>	<u>(4,786.83)</u>	<u>-2.89%</u>
Fixed Assets				
Furniture, fixtures, & equip	708.23	708.23	0.00	0.0%
Total Fixed Assets	<u>708.23</u>	<u>708.23</u>	<u>0.00</u>	<u>0.0%</u>
TOTAL ASSETS	<u><u>161,786.67</u></u>	<u><u>166,573.50</u></u>	<u><u>(4,786.83)</u></u>	<u><u>-2.87%</u></u>
LIABILITIES & EQUITY				
Liabilities				
Long Term Liabilities				
UNIT 7 RESERVE ACCOUNT	31,679.49	31,679.49	-	0.0%
Total Long Term Liabilities	<u>31,679.49</u>	<u>31,679.49</u>	<u>-</u>	<u>0.0%</u>
Total Liabilities	<u>31,679.49</u>	<u>31,679.49</u>	<u>-</u>	<u>0.0%</u>
Equity				
Unrestricted Net Assets	109,931.58	109,931.58	-	0.0%
Net Income	20,175.60	24,962.43	(4,786.83)	-19.18%
Total Equity	<u>130,107.18</u>	<u>134,894.01</u>	<u>(4,786.83)</u>	<u>-3.55%</u>
TOTAL LIABILITIES & EQUITY	<u><u>161,786.67</u></u>	<u><u>166,573.50</u></u>	<u><u>(4,786.83)</u></u>	<u><u>-2.87%</u></u>

Approved 3/8/17

Kelly Ridge Estates Owners' Association

Profit & Loss Statement

Budget Comparison

	Feb 2017	YTD 02/2017	% of (8 mos)	(8 mos)	Difference	Total
			YTD Budget	YTD Budget		2016-17 Budget
Income						
ADVERTISING INCOME	0.00	0.00	0%	0.00	-	0.00
DUES INCOME	(65.00)	37,410.00	149%	25,150.00	(12,260.00)	37,725.00
HOA DOCUMENT FEE	175.00	2,900.50	145%	2,000.00	(900.50)	3,000.00
INTEREST - BANK OF THE WEST	6.92	83.29	167%	50.00	(33.29)	75.00
LATE CHARGES	0.00	6,460.00	969%	666.67	(5,793.33)	1,000.00
Returned Check Charges	0.00	15.00	100%	0.00	(15.00)	0.00
TRANSFER FEE INCOME	100.00	1,475.00	0%	0.00	(1,475.00)	0.00
UNCLASSIFIED INCOME	0.00	0.00	0%	1,066.67	1,066.67	1,600.00
WEED ABATEMENT INCOME	(90.00)	4,325.00	54%	8,000.00	3,675.00	12,000.00
Total Income	126.92	52,668.79	143%	36,933.33	(15,735.46)	55,400.00
Expense						
ACCOUNTING	640.83	4,140.13	168%	2,466.67	(1,673.46)	3,700.00
ADVERTISING EXPENSE	0.00	0.00	0%	0.00	0.00	0.00
ANNUAL DUES / FEES INVOICES	0.00	906.63	113%	800.00	(106.63)	1,200.00
ANNUAL MEETING EXPENSE	0.00	0.00	0%	200.00	200.00	300.00
APRIL BALLOT MAILING	509.40	509.40	76%	666.67	157.27	1,000.00
AUTO/MILEAGE EXPENSE	0.00	0.00	0%	0.00	0.00	0.00
BANK FEES	0.00	130.00	195%	66.67	(63.33)	100.00
CLERICAL	0.00	0.00	0%	0.00	0.00	0.00
COMMUNITY SERVICE	0.00	0.00	0%	33.33	33.33	50.00
COMPUTER SUPPORT	0.00	0.00	0%	16.67	16.67	25.00
COMPUTERS & ACCESSORIES	0.00	0.00	0%	16.67	16.67	25.00
DIRECTORS EXPENSE	0.00	0.00	0%	16.67	16.67	25.00
INSURANCE	0.00	0.00	0%	2,833.33	2,833.33	4,250.00
Interest Expense	0.00	45.89	0%	0.00	(45.89)	0.00
LEGAL	0.00	175.00	18%	1,000.00	825.00	1,500.00
MEALS & ENTERTAINMENT	0.00	0.00	0%	0.00	0.00	0.00
NEWSLETTER EXPENSES	521.63	1,783.21	122%	1,466.67	(316.54)	2,200.00
Bad Debt	223.00	927.47	0%	0.00	(927.47)	0.00
NUISANCE ABATEMENT & SERVICES	0.00	0.00	0%	6,666.67	6,666.67	10,000.00
OFFICE SUPPLIES	1,831.24	2,378.03	713%	333.33	(2,044.70)	500.00
P.O.BOX RENT	0.00	130.00	126%	103.33	(26.67)	155.00
PAYROLL EXPENSES	1,156.92	8,216.29	95%	8,666.67	450.38	13,000.00
POSTAGE	15.37	471.77	71%	666.67	194.90	1,000.00
PRINTING	0.00	0.00	0%	33.33	33.33	50.00
RECORDING FEES	0.00	0.00	0%	66.67	66.67	100.00
RENT EXPENSE	425.00	3,400.00	100%	3,400.00	0.00	5,100.00
REPAIR AND MAINTENANCE	0.00	0.00	0%	0.00	0.00	0.00
SECURITY PATROLS	0.00	0.00	0%	8,800.00	8,800.00	13,200.00
SIGNAGE	0.00	196.31	29%	666.67	470.36	1,000.00
SPECIAL EVENTS						
CHRISTMAS TREE LIGHTING	0.00	331.40	166%	200.00	(131.40)	300.00
CLEANUP PROJECT FALL	0.00	1,371.28	686%	200.00	(1,171.28)	300.00
CLEAN-UP PROJECT SPRING	0.00	0.00	0%	200.00	200.00	300.00
FOOD DRIVE	0.00	0.00	0%	16.67	16.67	25.00
MEET & GREETES	0.00	0.00	0%	200.00	200.00	300.00
SPECIAL EVENTS - Other	0.00	395.14	593%	66.67	(328.47)	100.00
TOTAL SPECIAL EVENTS	0.00	2,097.82	237%	883.33	(1,214.49)	1,325.00
Federal Income Tax	0.00	1,703.00	0%	333.33	(1,369.67)	500.00
State Income Tax	(454.64)	1,856.00	0%	333.33	(1,522.67)	500.00
Tax Penalties for Late Filing	0.00	566.12	0%	0.00	(566.12)	0.00
Tax Preparation	0.00	1,603.36	0%	0.00	(1,603.36)	0.00
TAXES - Other	0.00	35.00	0%	0.00	(35.00)	0.00
TELEPHONE & INTERNET	45.00	1,221.76	108%	1,133.33	(88.43)	1,700.00
UNCOLLECTABLE DEBT	0.00	0.00	0%	333.33	333.33	500.00
WEB SITE	0.00	0.00	0%	0.00	0.00	0.00
WEED ABATEMENT EXPENSE	0.00	0.00	0%	8,000.00	8,000.00	12,000.00
Total Expense	4,913.75	32,493.19	65%	50,003.33	17,510.14	75,005.00
NET INCOME	(4,786.83)	20,175.60		(13,070.00)	(33,245.60)	(19,605.00)

Approved 3/8/17

Financial Commentary for the month ending 02/28/17

The Balance Sheet and Income Statements are financial snapshots of an entity as of a specific date. For membership reporting, we use the accrual basis of accounting and for tax purposes we use the cash basis of accounting. The cash basis net income for February was \$3,565.15.

Balance Sheet:

- Cash on hand is the most important item of any entity. KREOA's increased from the previous month, \$387.54 or .29%. The association took in \$5,728.68 in deposits which came from dues, weed cutting, HOA and Transfer fees. The deposits were offset by outlays of cash for office supplies which was mainly composed of upgrading the office computer, printer, Quick Books software, acquiring a safe, security cabinet and a statement mailing \$1,831.24, rent \$425, admin salaries \$890.19, the outside accounting service \$640.83, newsletter expense \$521.63, and a ballot mailing \$509.40 as well as other operating expenses. The total cash available for our HOA is \$101,838.92. Unit 7 money does not belong to KREOA and is not available for our association to use.
- Total A/R decreased by \$4,949.00 or 15.36%. This is due to members remitting payments. Although this is progress, the outstanding A/R balances are still much too high. Efforts will continue to bring this balance down and hopefully members will come forward to pay off their balances.
- Prepaid Postage decreased slightly on undeliverable mail \$15.37 or 14.94%. Undeposited Funds decreased \$210.00 or 51.85% which are deposits or adjustments to current or previous year balances that haven't yet been applied to A/R invoices.
- Liabilities had no change
- Equity had a net loss change of \$4,786.83 or 19.18%. This was due to having very little income this month as the dues have now been billed to members. On a positive note, our association took in more cash than was spent modernizing our office and covering other operating expenses.

Income Statement: Actual Costs versus Budget

- I have changed the way in which past analysis was done on the Actual Cost versus Budget P & L. Instead of an 8 month actual cost versus a 12-month budget, I am doing a 8 month actual cost versus a 8 month budget in order to get an "apples to apples" analysis.

- Most of our revenue is recorded at the beginning of our fiscal year. A timing difference continues to affect the actual versus budget amount (month over month) until we get to the end of the year. I expect our total revenue will surpass the total budgeted amount by the end of our fiscal year in June. The reason for this is that the budget for the year has understated the income from Late Fees. Also, the weed abatement currently listed \$4,325.00 relates to the previous year's weed abatement program (2015/2016) so if the current years weed abatement budget amount of \$12,000 materializes, weed abatement income could be over \$16,000. It is important note that the voluntary weed abatement work should be a priority in getting completed in the same fiscal year as when the voluntary weed abatement revenue is received to avoid possibly paying taxes.
- For the month, a member's dues were adjusted off by (\$65). The Unclassified Income is now zero. This account is used to record deposits with missing information on how to apply it to Accounts Receivable balances. HOA Document Fees and Transfer Fee Income were down over January's numbers by a net of \$2,375.5. There was weed abatement adjustment done \$90.
- Accounting expense \$640.83, cleanup of our Accounts Receivable records like doing credit memo's and applying cash. This month's bill from the outside accounting service was lower than last month's bill.
- April Ballot and Newsletter expense \$1,031.03 – This is the postage, paper and printing costs for electing new board members and notifying members of upcoming events.
- Bad Debt \$223.00 – These are receivables that have been written off due to the owners selling their primary residences and we failed to collect on past due amounts when the CCR and Bylaws were requested by an escrow company.
- Office Supplies and Postage \$1,831.24 & \$15.37 – We spent money upgrading the office by purchasing a new computer, monitor, printer, safe, security cabinet and Quick Books accounting software. The postage used was for returned letters.
- Rent Expense \$425 – Same amount every month.
- Payroll Expense \$1,156.92 – Increased slightly due to the \$1 raise per hour given to the office manager but nearly the same as last month's expense.
- Tax Related Items \$454.64 – State of California sent us a refund. CPA purposely had us over pay in order to lessen more fees. It appears to have succeeded. The IRS sent back our tax payment with no reason given. I will follow up to see what the problem is.
- Telephone and Internet \$45.00 – Monthly bill, the second bill was paid on 3/2/17 and be reflected next month.

Completed Treasury Items:

- Purchase of a safe and security cabinet to store members checks before shredding them.
- Sending out a letter asking for permission to invoice through member's email.
- Quick Books software has been upgraded

- New faster computer and larger capacity printer have been installed

Pending Treasury Items:

- Starting collection calls to members for overdue payments and reducing A/R.
- Writing procedures for the Treasury function. Several have been written.

Regards,

Tim Oertli

Treasurer