

Kelly Ridge Estates Owners' Association
P/L and Budget Comparison
May 2017

	May 17	Jul '16 - May 17	(11 mos) YTD Budget	Difference	Total 2016-17 Budget
Ordinary Income/Expense					
Income					
DUES INCOME	5.00	37,203.50	34,581.25	(2,622.25)	37,725.00
HOA DOCUMENT FEE	600.00	4,350.50	2,750.00	(1,600.50)	3,000.00
LATE CHARGES	(5.00)	5,025.00	916.67	(4,108.33)	1,000.00
LIEN FEES	-	147.00	-	(147.00)	
Returned Check Charges	-	15.00	-	(15.00)	
TRANSFER FEE INCOME	300.00	2,200.00	-	(2,200.00)	
Unclassified Revenue			1,466.67	1,466.67	1,600.00
WEED ABATEMENT INCOME					
Voluntary	1,635.00	1,635.00	-		
WEED ABATEMENT INCOME - Other	355.00	10,825.00	11,000.00		12,000.00
Total WEED ABATEMENT INCOME	1,990.00	12,460.00	11,000.00	(1,460.00)	12,000.00
Total Income	2,890.00	61,401.00	50,714.58	(10,686.42)	55,325.00
Gross Profit	2,890.00	61,401.00	50,714.58	(10,686.42)	55,325.00
Expense					
Administrative Expense					
ACCOUNTING	381.34	5,412.72	3,391.67	(2,021.05)	3,700.00
ANNUAL INV & NEWSLETTER				-	
Annual Dues Invoice Expense	-	906.63	1,100.00	193.37	1,200.00
Newsletter Expense	-	2,595.78	2,016.67	(579.11)	2,200.00
Total ANNUAL INV & NEWSLETTER	-	3,502.41	3,116.67	(385.74)	3,400.00
BAD DEBT	90.00	1,292.47	458.33	(834.14)	500.00
BANK FEES					
BANK SERVICE CHG	-	115.00	91.67	(23.33)	100.00
Total BANK FEES	-	115.00	91.67	(23.33)	100.00
Bank Service Charges	-	15.00		(15.00)	
Check Scanner Rental	45.00	135.00		(135.00)	
COMPUTERS & ACCESSORIES	1,262.61	1,262.61	22.92	(1,239.69)	25.00
INSURANCE	-	4,149.00	3,895.83	(253.17)	4,250.00
Interest Expense	-	45.89	-	(45.89)	
LEGAL	365.00	945.00	1,375.00	430.00	1,500.00
OFFICE SUPPLIES	(663.41)	3,227.27	458.33	(2,768.94)	500.00
P.O.BOX RENT	-	130.00	142.08	12.08	155.00
Total Payroll Expenses	1,347.30	12,023.85	11,916.67	(107.18)	13,000.00
POSTAGE	54.34	932.36	916.67	(15.69)	1,000.00
PRINTING	-	238.75	45.83	(192.92)	50.00
Recording Fees			91.67	91.67	100.00
Rent Expense	425.00	4,675.00	4,675.00	-	5,100.00
TELEPHONE & INTERNET	165.20	2,268.18	1,558.33	(709.85)	1,700.00
Total Administrative Expense	3,472.38	40,370.51	32,156.67	(8,213.84)	35,080.00
Communications and Event Exp.					
Community Services			45.83	45.83	50.00
Computer Support			22.92	22.92	25.00
Signage	-	196.31	-	(196.31)	
SPECIAL EVENTS					
CHRISTMAS TREE LIGHTING	-	331.40	275.00	(56.40)	300.00
Annual Meeting Expense	68.42	318.42	275.00	(43.42)	300.00
Food Drive			22.92	22.92	25.00
Meet and Greet			275.00	275.00	300.00
SPECIAL EVENTS - Other	-	395.14	91.67	(303.47)	100.00
Total SPECIAL EVENTS	68.42	1,044.96	939.58	(105.38)	1,025.00
Signage			916.67	916.67	1,000.00
Website					
Total Communications and Event Exp.	68.42	1,241.27	1,925.00	683.73	2,100.00

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Executive Expenses					
APRIL BALLOT MAILING	-	2,849.32	916.67	(1,932.65)	1,000.00
CLEANUP PROJECT FALL	-	1,371.28	275.00	(1,096.28)	300.00
CLEANUP PROJECT SPRING	118.96	2,053.97	275.00	(1,778.97)	300.00
WEED ABATEMENT EXPENSE	1,332.64	1,332.64	11,000.00	9,667.36	12,000.00
Nuisance and Abatement Services			9,166.67	9,166.67	10,000.00
DIRECTOR MEETING EXPENSE			22.92	22.92	25.00
Security Patrol			12,100.00	12,100.00	13,200.00
Total Executive Expenses	1,451.60	7,607.21	33,756.25	26,149.04	36,825.00
Tax & Misc. Expenses					
TAXES					
Federal Income Tax	-	1,285.35	458.33	(827.02)	500.00
State Income Tax	-	1,056.00	458.33	(597.67)	500.00
Tax Penalties for Late Filing	-	544.12	-	(544.12)	
Tax Preparation Service	-	1,603.36	-	(1,603.36)	
TAXES - Other	-	35.00	-	(35.00)	
Total TAXES	-	4,523.83	916.67	(3,607.16)	1,000.00
UNCLASSIFIED EXPENSES	-	0.00	0.00	-	-
Total Tax & Misc. Expenses	-	4,523.83	916.67	(3,607.16)	1,000.00
Total Expense	4,992.40	53,742.82	68,754.58	15,011.76	75,005.00
Net Ordinary Income	(2,102.40)	7,658.18	(18,040.00)	(25,698.18)	(19,680.00)
Other Income/Expense					
Other Income					
INTEREST INCOME	(4.47)	73.88	68.75	(5.13)	75.00
Total Other Income	(4.47)	73.88	68.75	(5.13)	75.00
Other Expense					
Total Other Expense	-	0.00	0.00	-	-
Net Other Income	(4.47)	73.88	68.75	(5.13)	75.00
Net Income	(2,106.87)	7,732.06	(17,971.25)	(25,703.31)	(19,605.00)

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Kelly Ridge Estates Owners' Association
Balance Sheet
 As of May 31, 2017

	<u>May 31, 17</u>	<u>Apr 30, 17</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
BANK OF WEST CHECKING 128003688	25,059.81	25,822.34	(762.53)	-2.95%
BoW Money Market Sav. *8113	75,154.54	75,154.54	-	0.0%
Total Checking/Savings	<u>100,214.35</u>	<u>100,976.88</u>	<u>(762.53)</u>	<u>-0.76%</u>
Accounts Receivable				
ACCOUNTS RECEIVABLE				
ACCOUNTS RECEIVABLE DUES	4,849.00	5,454.00	(605.00)	-11.09%
ACCOUNTS RECEIVABLE WEED CUTTIN	1,250.00	1,530.00	(280.00)	-18.3%
LIENS RECEIVABLE	10,374.00	10,374.00	-	0.0%
ACCOUNTS RECEIVABLE - Other	220.00	245.00	(25.00)	-10.2%
Total ACCOUNTS RECEIVABLE	<u>16,693.00</u>	<u>17,603.00</u>	<u>(910.00)</u>	<u>-5.17%</u>
Total Accounts Receivable	16,693.00	17,603.00	(910.00)	-5.17%
Other Current Assets				
Prepaid Postage	73.06	127.40	(54.34)	-42.65%
UNDEPOSITED FUNDS	0.00	380.00	(380.00)	-100.0%
Total Other Current Assets	<u>73.06</u>	<u>507.40</u>	<u>(434.34)</u>	<u>-85.6%</u>
Total Current Assets	116,980.41	119,087.28	(2,106.87)	-1.77%
Fixed Assets				
Furniture, fixtures, & equip	708.23	708.23	-	0.0%
Total Fixed Assets	<u>708.23</u>	<u>708.23</u>	<u>-</u>	<u>0.0%</u>
TOTAL ASSETS	<u><u>117,688.64</u></u>	<u><u>119,795.51</u></u>	<u><u>(2,106.87)</u></u>	<u><u>-1.76%</u></u>
LIABILITIES & EQUITY				
Equity				
Unrestricted Net Assets	109,956.58	109,956.58	-	0.0%
Net Income	7,732.06	9,838.93	(2,106.87)	-21.41%
Total Equity	<u>117,688.64</u>	<u>119,795.51</u>	<u>(2,106.87)</u>	<u>-1.76%</u>
TOTAL LIABILITIES & EQUITY	<u><u>117,688.64</u></u>	<u><u>119,795.51</u></u>	<u><u>(2,106.87)</u></u>	<u><u>-1.76%</u></u>

Draft

Financial Commentary for the month ending 05/31/17

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 year to date net income as of May 31, 2017 was \$31.53. The accrual basis year to date net income was \$7,732.06.

Balance Sheet:

- Cash on hand is the most important item of any entity. KREOA's decreased from the previous month by only \$762.53 or .76%. The association took in \$4,616.50 in deposits which came from dues, weed cutting, HOA document fees, transfer fees and tax refunds. The deposits were offset by outlays of cash from our outside accounting firm \$381.34, rent \$425, admin salaries \$1,347.30, legal \$365.00, weed abatement notification mailing \$567.64, payment to our weed abatement vendor \$765.00 as well as other operating expenses. The total cash available for our HOA is \$100,214.34.
- Total A/R for the month decreased by \$910.00 or 5.17%. This is due to members remitting payments. Although this is progress from the November ending balance of \$27,581.97 (a decrease of \$10,888.97 since then) the outstanding A/R balances are still too high. Efforts will continue to bring this balance down and hopefully members will come forward to pay off their balances. Write off of Bad Debt totaled \$90.00 this month which also contributed to the decline.
- Prepaid Postage decreased on undeliverable mail \$54.34 or 42.65%. Un-deposited Funds decreased \$380.00 or 100% which are deposits or adjustments to current or previous year balances that haven't yet been applied to A/R invoices.
- Liabilities – No outstanding balances.
- Equity had a year to date net income change of \$2,106.87 or 21.41% decline. This is due to our expenses for the month were greater than the income we took in.

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 a 11 month actual cost versus a 12-month budget, I am doing a 11 month actual cost versus a 11 month budget in order to get an "apples to apples" analysis for people to see.

- The year to date revenue through 11 months has surpassed the total 11 month budgeted amount by \$10,686.42 and has surpassed the 12 month budgeted amount by \$6,076.00. This is primarily due to Weed Abatement Revenue from the 2015/2016 fiscal year being recorded incorrectly into the 2016/2017 fiscal year as well as a combination of budget miscalculations in other revenue accounts which are difficult to gauge. It is important to 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. I have also changed the format of the income statement this month. The first reason is to reduce the amount of manual work that was done in the past to squeeze all the data on to one page. What is viewed this month is exactly as it comes out of our Quick Books software so it is longer and now covers two pages. The second and more important reason, is to put the expenses into categories that I believe will help the reader better understand our financial position. For example, if you look at our year to date Dues Income \$37,203.50 (which is a fixed amount each year) and our total Administration Expenses \$40,370.51, the reader can immediately determine that our dues this year were insufficient to cover our basic expenses. However, some expenses incurred this year, which were for updating and increasing security at the office will not re-occur in the 2017/2018 fiscal year and removing those costs will decrease but not eliminate the dues/admin expense shortfall. If there is a decrease in our other revenue sources which are very volatile in nature, our losses could be substantial.
- For the current month, a member's dues were collected (\$5.00). HOA Document Fees and Transfer Fee income came in at \$600.00 and \$300.00 respectively continuing to make their 11 month totals higher than their budgeted amounts. It also represents 12 properties changed hands in the month of May. Weed Abatement came in at \$1,990.00 for the month putting the 11 month actual amount just slightly higher than the 11 month budget by \$1,460.00. Weed Abatement monies are expected to significantly increase in June pushing the difference with the budgeted amount higher due to the previously mentioned billing error.
- Accounting expense was \$381.34 this month making the actual 11 month amount higher than the budgeted amount. This is due to the increased workload for the outside accountant to record cash payments and make considerable corrections that were neglected in the past.
- Check Scanner is \$45 per month for the scanner used in the office. This year there was no budget for this but it has made a tremendous impact on recording checks accurately.
- Legal - \$365.00 which was for legal consultation on various association issues.
- Bad Debt \$90.00 – 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, Postage and Printing – Which consisted of buying more printer cartridges and paper and postage on returned mail \$54.34. A reclass entry was done from the office supplies account, moving our new computer equipment to the Computer and Accessories account which caused a credit balance of \$663.41.
- Rent Expense \$425.00 – Same amount every month.
- Payroll Expense \$1,347.30 – Salary for the office manager, doesn't fluctuate much month over month.
- Telephone and Internet \$165.20 – The expense has dropped as expected.
- Annual Meeting Expense \$68.42 – This was for the food at the annual members meeting.
- YTD Net Income \$7,732.06 – I expect this number to go down significantly or even having a loss in June as we have to do a mailing to all members for year end financials and new policies, legal costs coming in and further payments to our weed abatement vendor.

Completed Treasury Items:

- Budget for 2017/2018 fiscal year has been completed

Pending Treasury Items:

- Year end member packets to be sent out in July 2017.
- Updating member address' in Quick Books
- Tax returns to be completed in July 2017.
- Preparing new member packet

Regards,

Tim Oertli

Treasurer