

Kelly Ridge Estates Owners' Association
Balance Sheet
As of April 30, 2017

	<u>Apr 30, 17</u>	<u>Mar 31, 17</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
BANK OF WEST CHECKING 128003688	25,977.34	32,072.74	(6,095.40)	-19.01%
BK OF WEST UNIT 7 SAVINGS *3688	0.00	31,680.27	(31,680.27)	-100.0%
BoW Money Market Sav. *8113	75,159.48	75,159.48	-	0.0%
Total Checking/Savings	<u>101,136.82</u>	<u>138,912.49</u>	<u>(37,775.67)</u>	<u>-27.19%</u>
Accounts Receivable				
ACCOUNTS RECEIVABLE				
ACCOUNTS RECEIVABLE DUES	5,994.00	7,779.00	(1,785.00)	-22.95%
ACCOUNTS RECEIVABLE WEED CUTTING	1,620.00	2,325.00	(705.00)	-30.32%
LIENS RECEIVABLE	10,087.00	10,087.00	-	0.0%
ACCOUNTS RECEIVABLE - Other	280.00	340.00	(60.00)	-17.65%
Total ACCOUNTS RECEIVABLE	<u>17,981.00</u>	<u>20,531.00</u>	<u>(2,550.00)</u>	<u>-12.42%</u>
Total Accounts Receivable	17,981.00	20,531.00	(2,550.00)	-12.42%
Other Current Assets				
Prepaid Postage	27.40	75.62	(48.22)	-63.77%
UNDEPOSITED FUNDS	200.00	125.00	75.00	60.0%
Total Other Current Assets	<u>227.40</u>	<u>200.62</u>	<u>26.78</u>	<u>13.35%</u>
Total Current Assets	<u>119,345.22</u>	<u>159,644.11</u>	<u>(40,298.89)</u>	<u>-25.24%</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>120,053.45</u></u>	<u><u>160,352.34</u></u>	<u><u>(40,298.89)</u></u>	<u><u>-25.13%</u></u>
LIABILITIES & EQUITY				
Liabilities				
Long Term Liabilities				
UNIT 7 RESERVE ACCOUNT	0.00	31,679.49	(31,679.49)	-100.0%
Total Long Term Liabilities	<u>0.00</u>	<u>31,679.49</u>	<u>(31,679.49)</u>	<u>-100.0%</u>
Total Liabilities	0.00	31,679.49	(31,679.49)	-100.0%
Equity				
Unrestricted Net Assets	109,956.58	109,956.58	-	0.0%
Net Income	10,096.87	18,716.27	(8,619.40)	-46.05%
Total Equity	<u>120,053.45</u>	<u>128,672.85</u>	<u>(8,619.40)</u>	<u>-6.7%</u>
TOTAL LIABILITIES & EQUITY	<u><u>120,053.45</u></u>	<u><u>160,352.34</u></u>	<u><u>(40,298.89)</u></u>	<u><u>-25.13%</u></u>

Approved

Kelly Ridge Estates Owners' Association

Profit & Loss Statement

Budget Comparison

	Apr 2017	YTD 04/2017	% of (10 mos) YTD Budget	(10 mos) YTD Budget	Difference	Total 2016-17 Budget
Income						
ADVERTISING INCOME	0.00	0.00	0%	0.00	-	0.00
DUES INCOME	(110.00)	37,173.50	118%	31,437.50	(5,736.00)	37,725.00
HOA DOCUMENT FEE	350.00	3,750.50	150%	2,500.00	(1,250.50)	3,000.00
INTEREST - BANK OF THE WEST	0.00	83.29	133%	62.50	(20.79)	75.00
LATE CHARGES	-0.78	5,305.00	637%	833.33	(4,471.67)	1,000.00
Returned Check Charges	0.00	15.00	100%	0.00	(15.00)	0.00
TRANSFER FEE INCOME	175.00	1,900.00	0%	0.00	(1,900.00)	0.00
UNCLASSIFIED INCOME	0.00	0.00	0%	1,333.33	1,333.33	1,600.00
WEED ABATEMENT INCOME	880.00	10,470.00	105%	10,000.00	(470.00)	12,000.00
Total Income	1,294.22	58,697.29	127%	46,166.67	(12,530.62)	55,400.00
Expense						
ACCOUNTING	507.18	5,031.38	163%	3,083.33	(1,948.05)	3,700.00
ADVERTISING EXPENSE	0.00	0.00	0%	0.00	-	0.00
ANNUAL DUES / FEES INVOICES	0.00	906.63	91%	1,000.00	93.37	1,200.00
ANNUAL MEETING EXPENSE	0.00	0.00	0%	250.00	250.00	300.00
APRIL BALLOT MAILING	2,033.50	2,849.32	342%	833.33	(2,015.99)	1,000.00
AUTO/MILEAGE EXPENSE	0.00	0.00	0%	0.00	-	0.00
BANK FEES	0.00	130.00	156%	83.33	(46.67)	100.00
Check Scanner Rental	45.00	90.00	0%	0.00	(90.00)	0.00
CLERICAL	0.00	0.00	0%	0.00	-	0.00
COMMUNITY SERVICE	0.00	0.00	0%	41.67	41.67	50.00
COMPUTER SUPPORT	0.00	0.00	0%	20.83	20.83	25.00
COMPUTERS & ACCESSORIES	0.00	0.00	0%	20.83	20.83	25.00
DIRECTORS EXPENSE	0.00	0.00	0%	20.83	20.83	25.00
INSURANCE	3,646.00	4,149.00	117%	3,541.67	(607.33)	4,250.00
Interest Expense	0.00	45.89	0%	0.00	(45.89)	0.00
LEGAL	405.00	580.00	46%	1,250.00	670.00	1,500.00
MEALS & ENTERTAINMENT	0.00	0.00	0%	0.00	-	0.00
NEWSLETTER EXPENSES	812.57	2,595.78	142%	1,833.33	(762.45)	2,200.00
Bad Debt	215.00	1,202.47	0%	416.67	(785.80)	500.00
NUISANCE ABATEMENT & SERVICES	0.00	0.00	0%	8,333.33	8,333.33	10,000.00
OFFICE SUPPLIES	356.27	3,890.68	934%	416.67	(3,474.01)	500.00
P.O.BOX RENT	0.00	130.00	101%	129.17	(0.83)	155.00
PAYROLL EXPENSES	1,230.13	10,676.55	99%	10,833.33	156.78	13,000.00
POSTAGE	494.34	978.02	117%	833.33	(144.69)	1,000.00
PRINTING	238.75	238.75	573%	41.67	(197.08)	50.00
RECORDING FEES	0.00	0.00	0%	83.33	83.33	100.00
RENT EXPENSE	425.00	4,250.00	100%	4,250.00	-	5,100.00
REPAIR AND MAINTENANCE	0.00	0.00	0%	0.00	-	0.00
SECURITY PATROLS	0.00	0.00	0%	11,000.00	11,000.00	13,200.00
SIGNAGE	0.00	196.31	24%	833.33	637.02	1,000.00
SPECIAL EVENTS						
CHRISTMAS TREE LIGHTING	0.00	331.40	133%	250.00	(81.40)	300.00
CLEANUP PROJECT FALL	0.00	1,371.28	549%	250.00	(1,121.28)	300.00
CLEAN-UP PROJECT SPRING	1,250.00	1,935.01	774%	250.00	(1,685.01)	300.00
FOOD DRIVE	0.00	0.00	0%	20.83	20.83	25.00
MEET & GREETES	0.00	0.00	0%	250.00	250.00	300.00
SPECIAL EVENTS - Other	0.00	395.14	474%	83.33	(311.81)	100.00
TOTAL SPECIAL EVENTS	1,250.00	4,032.83	365%	1,104.17	(2,928.66)	1,325.00
Federal Income Tax	(431.65)	1,285.35	0%	416.67	(868.68)	500.00
State Income Tax	(800.00)	1,056.00	0%	416.67	(639.33)	500.00
Tax Penalties for Late Filing	(22.00)	544.12	0%	0.00	(544.12)	0.00
Tax Preparation	-	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	193.54	2,102.98	148%	1,416.67	(686.31)	1,700.00
WEB SITE	0.00	0.00	0%	0.00	0.00	0.00
WEED ABATEMENT EXPENSE	0.00	0.00	0%	10,000.00	10,000.00	12,000.00
Total Expense	10,598.63	48,600.42	78%	62,504.17	13,903.75	75,005.00
NET INCOME	(9,304.41)	10,096.87		(16,337.50)	(26,434.37)	(19,605.00)

Financial Commentary for the month ending 04/30/17

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 April 30, 2017 was \$1,158.34.

Balance Sheet:

- Cash on hand is the most important item of any entity. KREOA's decreased from the previous month by \$37,775.67 or 27.19%. The association took in \$4,833.66 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 annual insurance payment \$3,646.00, election expenses \$2,033.50, mail notifications \$1,397.44, spring cleanup \$1,250.00, outside accounting firm \$507.18, rent \$425, admin salaries \$1,230.13, as well as other operating expenses. The total cash available for our HOA is \$101,136.82. Unit 7 money, \$31,680.27 does not belong to KREOA and is not available for our association to use. After consulting with a CPA and the KREOA lawyer, it was deemed inappropriate to continue listing Unit 7 money on the KREOA balance sheet and has been removed from our financial statements. A separate company has been established in our accounting software for Unit 7 business. Unit 7 activity will be combined with KREOA activity at year end for tax reporting purposes which includes reporting their "common property" (per our lawyer) road maintenance assessments. The Unit 7 removal of funds is the cause of the large percentage change.
- Total A/R for the month decreased by \$2,550 or 12.42%. This is due to members remitting payments. Although this is progress from the November ending balance of 27,581.97 (a decrease of \$9,600.97 since then) 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. Write off of Bad Debt totaled \$215.00 this month which also contributed to the decline.
- Prepaid Postage decreased slightly on undeliverable mail \$48.22 or 63.77%. Undeposited Funds increased \$75.00 or 60% which are deposits or adjustments to current or previous year balances that haven't yet been applied to A/R invoices.
- Liabilities – The removal of the Unit 7 balance of \$31,679.49.

- Equity had a net income change of \$8,619.40 or 46.05% decline. This is due to catching up on March expenses and many new expenses occurring this month.

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 10 month actual cost versus a 12-month budget, I am doing a 10 month actual cost versus a 10 month budget in order to get an “apples to apples” analysis for people to see.
- The year to date revenue through 10 months has surpassed the total 10 month budgeted amount by \$12,530.62 and has surpassed the 12 month budgeted amount by \$3,297.29. 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.
- For the month, a member’s dues were adjusted off by (\$110.00). HOA Document Fees and Transfer Fee income came in at \$350.00 and \$175.00 respectively continuing to make their 10 month totals higher than their budgeted amounts. Weed Abatement came in at \$880.00 for the month putting the 10 month actual amount just slightly higher than the 10 month budget. Over the next 2 months I expect the actual Weed Abatement amount to be significantly higher than the budgeted amounts due to the previously mentioned billing error.
- Accounting expense was \$507.18 this month making the actual 10 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.
- April Ballot and Newsletter expense were \$2,033.50 and \$812.57 – This is the postage, paper and printing costs for electing new board members and notifying members of upcoming events which came in higher than budgeted.
- 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.
- Insurance - \$3,646.00 which was for renewal of the association’s annual liability insurance which appears will come in under budget at the end of June.
- Legal - \$405.00 which was for legal consultation on various association issues.
- Bad Debt \$215.00 – 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 \$356.27, \$494.34 and \$238.75 – Which consisted of buying more printer cartridges, air purifier, a locking mail box, business card holder, printing and postage for the various mailings that were sent out in April.
- Rent Expense \$425 – Same amount every month.
- Payroll Expense \$1,230.13 – Salary for the office manager. Doesn't fluctuate much month over month.
- Clean Up Project Spring - \$1,250.00 Due to the Spillway problem we had to find a different location to have the event. We may need to hold the next 3 clean up events at the same location until the Spillway problem is resolved. Additional expense of roughly \$120.00 will be recorded next month for this event.
- Tax Related Items (\$431.65 + 800.00 + 22.00 = \$1,253.65) – Refunds came in from both the State of California and the IRS which were due to the CPA having us over pay to show that we were apologetic in filing late. It appears to have worked. The delinquent tax issues are now settled. The next filings will take place in July.
- Telephone and Internet \$193.54 – \$52.24 lower than last month and I expect the monthly amount to stabilize and remain under \$200.00 per month.
- YTD Net Income \$10,096.87 – All the missing March expenses have now been recorded. April expenses were very high due to the liability insurance, election expense, multiple mailings and the spring cleanup that was all done in April.

Completed Treasury Items:

- Unit 7 money has been removed from KREOA's balance sheet and moved to the Unit 7 balance sheet.

Pending Treasury Items:

- Preparing a budget for 2017/2018 fiscal year.
- Preparing for 2017 weed abatement program
- Statements to be sent out in July 2017.
- Tax returns to be completed in July 2017.

Regards,

Tim Oertli

Treasurer