

FOREST HEIGHTS HOMEOWNERS ASSOCIATION

Budget and Finance Committee

Meeting Minutes –February 24, 2010– 6PM in the FHHA Conference Room

Attendees: Chairman Don Bielen, General Manager Stephen Herr, Sherrill Corbett, Pam Cavagnaro and Mary Shuhert

Unable to Attend: Deniz Mamakli, Peter Wilamoski and Marcia Stillwell

The meeting was called to order at 6:20 pm by Chair Bielen.

Minutes

Upon motion duly made and seconded, the minutes of the January 18, 2010 B&F Committee Meeting were approved without corrections.

Manager's Report

Manager Herr reminded the Committee members of upcoming Board meeting dates and the date of the annual homeowner's meeting on May 4th. The newsletter annual financial summary letter for year ending December 31, 2009 from the committee is due April 15th. Chairman Bielen will draft the letter and distribute to committee for review.

Accounts Receivable

Herr reported on the bad debt write off's for year ending December 31, 2009. Total accounts receivable booked as bad debt was \$58,698; of that 40% were legal fees and 30% assessments. This trend may continue for 2010 and beyond. The committee is concerned about the high collection legal fees and will investigate other collection practices. As of February 24, 2010 total A/R was \$109,620, with 18 accounts in collections totaling \$26,388. Second notices of assessments due were mailed last week. There were approximately 170 owners represented on the A/R list, equaling 10% of the membership. This percentage compared to other large scale associations is comparable or less than normal for the assessment billing cycle.

Unfinished Business

The first draft of the compiled financial statements for December 31, 2009 was reviewed. The balance sheet looks good; however assessments received in advance are down \$23,709 from prior year. Revenue was up on the operating income statement primarily due to recording two BETC credits in 2009 and booking them as revenue totaling \$88,354. Most departmental expenses were below budget reducing expenditures for the association. Substantial saving was realized in payroll saving in administration and compliance. Total excess of operating revenue over expenses totaled \$170,809 before adjustments for taxes and allowance of doubtful accounts.

Other variances were reviewed and discussed on Schedules II through IV Income Statements for the Common Property Reserve and Private Street Reserve. Schedule IV Community Relations showed a positive variance, actual expenses down by \$33,988 compared to budget. The saving realized in publishing an e-newsletter vs. printed copy totaled \$18,571. The Currie & McLain CPA audit will be completed according to schedule.

New Business

The Board and Committee will continue to look for options of Association office lease space. A final draft of a proposal to Village Center owners was reviewed. Manager Herr and Chairman Bielen will present the proposal to Schwab and Gentlemann.

Manager Herr will prepare an analysis of banking services for the committee to review at the next meeting. Bank interviews have been completed, with an anticipated change in banking relationships this spring. Substantial saving and new services will be realized with this change.

Chairman Bielen reviewed the outline of the primary objectives of the B&F Committee for 2010:

- 1) Evaluate the lease versus purchase options for our HOA office
- 2) Monitor the 2010 budget relative to actual financial performance and recommend corrective actions as necessary
- 3) On a monthly basis, monitor, evaluate and pursue correct actions regarding account receivables. Review collection practices and alternative collection resources
- 4) Monitor, review and update Common Area and Private Street reserve distributions and requirements
- 5) Create and submit the 2011 recommended Budget to the Board of Directors
- 6) Provide support and recommendations regarding capital projects to the Board of Directors

The committee's next project will be reviewing collection matters and costs

Next Meeting

The next meeting is scheduled for March 15, 2010 in the Association Office at 6:00 pm.

The meeting adjourned at 7:50 pm.

Stephen Herr
Acting B&F Secretary