

## April Financial Report

January 1, through March 31<sup>th</sup>, 2012

I am going to start this report by correcting my problems from the March 13<sup>th</sup> meeting:

### **March Financial Report from March 13, 2012.**

**Page 1** – showed Covenant Violation under Income – Deposits - of \$56.53. This income amount should have been shown as Annual Residence Dues and not as Covenant Violation. When I entered regular dues income for two properties which had both residence dues and covenant liens, QuickBooks automatically split the \$45 dues between both dues income and the covenant lien income. I missed this when I created the Profit and Loss Report. The corrected report now shows these two dues amounts as annual dues income. As you can see this did not change the Total Income amount or any other total on the report except the covenant income disappeared.

### **Page 4** – Financials Comparison –2012 Budget versus 2012 Actuals –

Grounds Fence Repair Expense was changed to show adding \$8,082.88 carried over from the 2011 Budget to the 2012 Fence Budget. The 2012 Fence Repair Budget now totals \$18,082.88. After payment of \$7,946.88 in January, 2012 for fence repairs, the unspent total for fence repair approved for 2012 is now \$10,136.

Expense Totals – now total \$33,968

Grand Total Income – Now has a line showing 2011 funds carried over from 2012 with the Grand Total Income now matching the Expense Totals as a budget forecast must.

We need to be careful though out the year if we show the 2012 budget to any homeowner due to the expense totals being so high. There may be many questions of why these expenses are so high and why we moved funds between years.

### **2012 Budget Forecast – A Revised and Approved copy of the 2012 Budget**

This copy represents the changes shown above and contains the statement at the bottom requested by Norman and Eldon from the January minutes.

**Copies to secretary** – Jerry demanded copies of letters sent out this year for dues collections:

- Overdue notice for 2012 dues not paid by February 15<sup>th</sup>, 2012
- Notice of lien to be filed for dues overdue for 2 years
- Notice that a lien was placed on a property for non-payment for over 2 years

Cherry Hills Homeowners Association  
Profit / Loss  
April Financial Report

January 1, through March 31, 2012

Ordinary Income/Expense	
Income	
Income	
Deposits	
Annual Residence Dues	18,828.23
CD Interest	116.40
Late/Released Fees	310.77
Savings Interest	1.34
Total Deposits	<u>19,256.74</u>
Total Income	<u>19,256.74</u>
Expense	
Administration	
Bank Fees	5.00
Insurance	
Fidelity Bond Insurance	166.00
Total Insurance	<u>166.00</u>
Office Supplies	32.89
P O Box 641803	42.00
Telephone Expense Virtual Phone	48.78
Total Administration	<u>294.67</u>
Collections/Covenants	
Lien Filings	38.50
Mailing / Supplies	45.00
Total Collections/Covenants	<u>83.50</u>
Landscaping & Grounds	
Fence Repair	7,946.88
Misc	481.50
Total Landscaping & Grounds	<u>8,428.38</u>
Total Expense	<u>8,806.55</u>
Net Income (Income minus Expenses)	<u>10,450.19</u>
Accounts Receivable	<u>7,122.50</u>
Assets on March 31, 2012	
Current Assests	
1st Nat bank - Checking	5,186.97
1st Nat Bank - Savings	6,486.57
Total Value of Three 1st Nat Bank CDs	47,472.03
Total Assets	<u>59,145.57</u>

Note: All grounds expenses were paid out of the general fund or checking account. Funds to cover these expenses were added to the checking account on December 1, 2011 with the sale of all short term 90 day CDs.

## April Financial Report

### Dues and assessments unpaid as of March 31st, 2012

There are 61 homeowners who have unpaid dues at the end of March or 13% of the total 481 Cherry Hills homes.

- Thirteen properties have previous liens filed which are more than 25 months in arrears, Seven of these liens were added during March
- There are now 13 properties over 13 months overdue
- Five properties have covenant liens
- This leaves 30 who are late since February 15<sup>th</sup>.

We received 29 dues payments during the month of March

03.05.12 I renewed our last two certificates of deposit  
CD-934 – for \$27,016.92 – I selected an 18 month CD with “Jump up value” which allows us to upgrade at a higher interest rate if the rate goes up over the 18 month period. The old CD from 09.01.10 had an interest rate of 1.25% and new CD only has a rate of 0.65% or 48% less due to latest bank rates.

CD-935 – for \$10,455.09 – I selected a 21 month CD with “No worry rate” which means we can cash anytime during the 21 months with no penalty. The old CD was taken out 09.05.10 with an interest rate of 1.25% rate with the new CD issued at 0.45% or 64% less rate. This means we will receive less than 50% of 2011 CD interest due to the economy or about \$240 versus \$526 last year.

Our FNB savings account now pays 0.1% interest or \$1.74 interest in all of 2011.

03.16.12 We had accumulated dues income in our checking and savings account of about \$21,000, so I purchased a \$10,000 certificate of deposit as I stated I would last meeting. By my estimate we should not need these funds until possibly August. Talking to our FNB banker, I decided to purchase a 21 month “no worry” CD instead of a 91 day CD to allow us more flexibility in using the CD. The 21 month no worry CD has no interest penalty no matter how long we keep it. It also allows us to extend CD income if we don't need the funds until after the 91 day CD would have expired. The rate of interest is 0.1% higher for the 21 month CD versus the 91 day.

### Cherry Hills Homeowners Association federal and state taxes for 2011

03.15.12 I met with the CPA to have our CHHA 2011 federal and state taxes figured. The CPA, using professional tax software, the financial profit and Loss reports and the Balance sheet report from 2011, completed our tax forms in minutes and filed them by electronic filing. As you can see by your copies of the forms we paid no taxes at all for 2011. 2010 taxes were filed in the same manner and we paid no tax in either year. The CPA did not charge a fee in either year for doing the taxes.

Taxes are figured by off-setting our income by the expenses we pay each year. In 2010 we were able to carry \$8,151 of expense into 2011 tax year as we did not need it in 2010. For 2011 tax year, we were able to carryover expenses unused of \$9,495 which can be used in tax year 2012. This will assist us in possibly not paying taxes again next year if the board does not get carried away.

## **CPA review of Cherry Hills Homeowners Association 2011 financial records**

- 03.02.12 I had delivered all our financial records to the CPA in early March so that he could perform a review of the 2011 finances. I gave him an overview of how we used the bank accounts for our income and expenses. The review could not be completed until after March 15<sup>th</sup>, as the CPA was busy with his business customers who all had a March 15<sup>th</sup> tax filing due date. Our tax due date is also March 15<sup>th</sup>, as we are a non-profit business.
- 03.28.12 I met with the CPA to discuss the review he had completed of the CHHA 2011 financial records for the association. His review included the bank statements, paid bills and the deposits for 2011. Your handouts included a copy of the original review by the CPA and copies of the Balance sheet and the Profit & Loss sheets used for the review.

**GUNDERSON ACCOUNTING, P.C.**

**MARTIN A. GUNDERSON**

CERTIFIED PUBLIC ACCOUNTANT

11605 Arbor Street, Ste. 102

Omaha, Nebraska 68144-2982

Office: 402-333-2552

Fax: 402-333-9851

To the Board of Trustees  
Cherry Hills Homeowners Association  
Omaha, Nebraska

I have inspected the books and records of Cherry Hills Homeowners Association for the year ended December 31, 2011. My inspection included review of bank statements, review of paid bills for 2011, review of deposits for 2011. Based on my inspection:

All bank disbursements had proper paid invoices from vendors and service suppliers for the for the material or services rendered for the association.

All bank deposits were properly documented listing the detail items for each deposit.

Based on my inspection of the bank and accounting records of Cherry Hills Homeowners Association I am not aware of any modifications that should be made to the attached December 31, 2011 balance sheet and the January 1 to December 31, 2011 Profit and Loss Statement for Cherry Hills Homeowners Association. An inspection is substantially less in scope and procedures from an audit. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them other than contained in the description of the inspection services performed above.



Martin A. Gunderson,  
Certified Public Accountant  
Gunderson Accounting, P.C.  
March 27, 2012

I also included a copy of the Fran Strong review she attempted to complete on November 24, 2010. This review was requested by the then board of directors but was never placed in the association records by that board. Until the 2010 and 2011 reviews, the association probably had never had a review of the finances by a tax person or a CPA.

See the copy of Fran Strong's review for the problems she found with both the deposits and the paid invoices during her review. Also see the note she wrote on the first page of the spreadsheet (page 2) which was given to her to be used for her 2010 review.

Paul Cushman – Treasurer  
Cherry Hills Homeowners Association  
April Financial Report  
April 10, 2012

**I have one more piece of information for the board:**

## Cherry Hills Homeowners Association

4/1/2012 2:00 PM

Register: 1st Nat Bank -Checking

From 01/01/2012 through 03/31/2012

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
01/03/2012	1492	State Farm Insurance	Administration:Insuranc...	Fidelity Bond P...	166.00	X		9,918.52
01/04/2012			-split-	Deposit		X	764.50	10,683.02
01/06/2012			-split-	Deposit		X	3,870.00	14,553.02
01/06/2012			-split-	Deposit		X	180.00	14,733.02
01/07/2012	1493	U S Postal Service	Administration:P O Box ...	P O Box rental	42.00	X		14,691.02
01/09/2012			-split-	Deposit		X	585.00	15,276.02
01/10/2012			-split-	Deposit		X	540.00	15,816.02
01/13/2012			-split-	Deposit		X	495.00	16,311.02
01/17/2012	1494	American Fence Comp...	Landscaping & Grounds:...	Inv 11038 - per ...	8,082.88	X		8,228.14
01/17/2012	1495	Cox Business Services	Administration:Telephon...	Virtual phone	16.26	X		8,211.88
01/25/2012	1496	Jerry Schulte	Administration:Office Su...	Office supplies ...	32.89	X		8,178.99
02/02/2012			-split-	Deposit		X	1,629.00	9,807.99
02/03/2012		First National Bank	Administration:Bank Fees	Activity fee	5.00	X		9,802.99
02/06/2012			-split-	Deposit		X	900.00	10,702.99
02/10/2012			-split-	Deposit		X	989.00	11,691.99
02/13/2012			-split-	Deposit		X	855.00	12,546.99
02/13/2012			Landscaping & Grounds:...	Deposit		X	136.00	12,682.99
02/17/2012			-split-	Deposit		X	954.50	13,637.49
02/21/2012			-split-	Deposit		X	187.00	13,824.49
02/21/2012	1497	Cox Business Services	Administration:Telephon...	Virtual phone - ...	16.26	X		13,808.23
02/27/2012			-split-	Deposit		X	445.00	14,253.23
02/27/2012	1499	U S Postal Service	Collections/Covenants:...	Collections - 10...	45.00	X		14,208.23
02/28/2012	1498	Artisan Stone Compan...	Landscaping & Grounds:...	Invoice 5105 - ...	481.50			13,726.73
03/05/2012			-split-	Deposit			506.00	14,232.73
03/07/2012	1500	Douglas County Registe...	Collections/Covenants:L...	Lien fees for HO...	38.50			14,194.23
03/12/2012			-split-	Deposit			260.00	14,454.23
03/16/2012	1501	Cox Business Services	Administration:Telephon...	Virtual phone	16.26			14,437.97
03/16/2012			CD - 940	Funds Transfer ...	10,000.00			4,437.97
03/20/2012			-split-	Deposit			257.50	4,695.47
03/30/2012			-split-	Deposit			491.50	5,186.97

**Cherry Hills Homeowners Association Financials Comparison - 2012 Budget versus 2012 Actuals**

		Revised	04.01.12			
Expenses			Year	2012	2012	2012
			Budget	through	03.31.12	Over-Spent
Administration						(Under-Spent)
	Audit Financial Accounts		200			
	IRS-HOA Papers		30	-		
	Secretary of State		20	-		
	P O Box 641803 - Box fee		40	42		
	Virtual Phone - 12 mon		195	49		
	Admin Mailings/ Stamps		100	5		
	Office Supplies		350	33		
	Insurance					
	Director & Officer Ins		800	-		
	Liability Ins		1,130	-		
	Fidelity Bond		180	166		
	Federal Taxes		50	-		
	<b>Administration Totals</b>		<b>3,095</b>	<b>295</b>		
	<b>Communications</b>		<b>900</b>	<b>-</b>		<b>(2,800)</b>
	<b>Grounds</b>					<b>(900)</b>
	Fence Repair		18,083	7,947		
	Fertilize/weed control/pre-emg		2,000	-		<b>(10,136)</b>
	Snow Removal		325	-		
	Tree Trim/Cleanup		1,500	-		
	Mowing/Trimming - 27 x \$181		4,900	-		
	Mulch for Common Islands		700	-		
	Replace Plants on Islands		350	-		
	Tree Spraying		180	-		
	Entrance Brick Sign Maintenance		500	482		
	Safety Vests fro Volunteers		200	-		
	<b>Grounds Totals</b>		<b>28,738</b>	<b>8,428</b>		
	<b>Social</b>		<b>100</b>	<b>-</b>		<b>(20,310)</b>
	<b>Legal</b>		<b>150</b>	<b>-</b>		<b>(100)</b>
	<b>Collections / Covenants</b>					<b>(150)</b>
	Mailings/Stamps/Supplies		400	-		
	Lien Collection/Covenant Filings		100	39		
	Lien Collection/Covenant Releases		35	-		
	Reminder letters		50	45		
	<b>Collections Totals</b>		<b>585</b>	<b>84</b>		
	<b>Misc</b>		<b>400</b>	<b>-</b>		<b>(502)</b>
						<b>(400)</b>
	<b>Expense Totals</b>		<b>33,968</b>	<b>8,807</b>		<b>(25,161)</b>
	<b>Income</b>					
			<b>2012</b>	<b>2012</b>		
			<b>Budget</b>	<b>03.31.12</b>		
	481 Resident Dues		19,935	19,139		<b>95% Collected</b>
	CD Interest		400	118		<b>(of 450 homes)</b>
	Omaha City Reimburdements		861	-		
	<b>Sub-Totals Income</b>		<b>29,279</b>	<b>19,257</b>		<b>(10,022)</b>
	Cash CD/ to Cover Income Shortage		(4,689)	-		
	<b>2011 funds carried over to 2012</b>		<b>8,083</b>			
	<b>Grand Totals Income</b>		<b>33,968</b>	<b>19,257</b>		