

# HOA BUDGETING



**AMS**  
CONDOMINIUMS  
HOMEOWNER ASSOCIATIONS  
DEVELOPER SERVICES

Association  
Management  
Services NW  
*A Division of TMG*

# HOA BUDGETING

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## How to Plan for your Association's Budget

### **Planning. Get Started Early!**

To develop a successful budget, it is imperative to start planning early. Associations should develop the budget in an objective, step-by-step manner based on historical data and research.

Set Proper Expectations with your membership! As the Corporate Board for your Association, it is important to never promise that assessments will not increase or that assessments will stay the same. The Consumer Price Index ("CPI") in the United States has increased an average of 2.85% over the last 10 years. With the CPI increasing a staggering 7.5% in 2022 and 6.4% so far in 2023. It is recommended that an Association increase their assessments in line with the CPI at a rate of 1.5-3% annually.

Implementing an annual increase will reduce the risk of future Special Assessments, increase reserve funding levels, and provide adequate funds to mitigate/reduce deferred maintenance within the Community.

# HOA BUDGETING

## Properly Utilizing Reserve Study & Working with your Reserve Analyst

Associations are required to complete a Reserve Study in both Oregon and Washington. Each State may have different regulations (ORS/RCW), but the process to develop and implement a successful Reserve Study is the same.

- Conduct a Reserve Study with a qualified Analyst.
- Identify all capital components with a life expectancy of 1-30 years.
- Discuss with your Reserve Analyst the need to add drain and pressurized plumbing lines replacement to your reserve study. The life expectancy of an ABS drain line is 50-years, PEX 50-years, and Copper piping 70-80 years. These are large ticket projects, and unless they are properly funded, may require large special assessments.
- Work with your Analyst to develop an accurate budget for reserve expenses for desired projects.
- Update the Reserve Study annually.

**Best Practice:** Develop your annual budget around the required annual reserve allocation for your reserve funding level and do not reduce your reserve allocation to reduce assessments. It is recommended that an Association have a funding level of at least 70%.

# HOA BUDGETING

## Budget Development – How to determine your Budget?

- **Reserve Transfer** – Work with your reserve Analyst to determine your annual reserve allocation.
- **Utilities** – Contact your local utilities companies to establish if there will be rate increases.
- **Prior Years Budgets vs. Expenses Incurred** – Review prior years budgets and use that historical data to determine what expenses you will have in the following year.
- **Operating Expenses Relating to Capital Projects, Amendments, Scope Development, etc.** – Determine and budget for any professional fees which you may incur (legal, management, engineering, etc.)
- **Contract Review & Rate Increases** – Review your existing contracted services to establish if there will be any rate increases.
- **Budget for Insurance Premiums** – Contact your Insurance Broker and discuss any potential insurance increases in for your upcoming renewal.
- **Delinquent Accounts** – Review your current delinquencies and properly budget for collections expenses (Liens, legal fees, etc.) and potential bad debt write-offs.

# HOA BUDGETING

## Budget Development – How to determine your Budget? (continued)

- **Budgeting for Preventative Maintenance** – Establish and budget for a preventative maintenance (“PM”) program for each of your mechanical systems and other capital components. These systems include HVAC, boilers, gutters, drains, plumbing, chillers, security systems, access control systems, gates, etc.
- **Staffing: Raises, Payroll Taxes, and Benefits** – Review/discuss payroll and potential raises early. This will allow time to determine your payroll, payroll taxes, and benefits. Work with your Association Business Manager or payroll provider to determine your payroll taxes & benefit expenses.
- **Building the Final Budget** – Finally, you will want to build your budget around your recommended reserve allocation to determine your Associations annual assessments.

**Best Practice:** When budgeting expenses, avoid rationalizing (“we don’t need much for maintenance because we are a new property”) or projecting (“it will be a wet winter and spring, so we should reduce irrigation expenses” or “they are saying it will be a mild winter, so we can postpone the roof”).

# HOA BUDGETING

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## Budget Approval Process – Washington Only

- **Washington RCW 64.34.308** – RCW requires that all budgets be ratified by the membership. The ratification meeting must be held not less than 14 nor more than 60 days after the summary is mailed. Unless at the ratification meeting most of the voting power (or such larger percentage specified in the declaration) disapproves of the budget, the budget is ratified. Thus, ratification is automatic unless a majority of the voting power rejects the budget. No vote to approve the budget is required since the budget is approved unless rejected, and the normal motion procedure for approving actions of the board need not be followed. In addition, the budget is ratified whether or not a quorum is present; a quorum is not required to start a budget ratification meeting or to ratify the budget.



# FINANCIAL TRAINING



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# AMS FINANCIAL TRAINING

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## What is Accrual Accounting?

- Accounting method that measures the performance of an entity by recognizing economic events regardless of when cash transactions occur.
- Core concept is that revenues and expenses are recorded and recognized when services are rendered (revenue) or performed (expense).
- Provides a more accurate picture of an associations' financial condition than alternative methods such as cash basis accounting.
- We produce Financials under GAAP (Generally Accepted Accounting Principles).



## What is Fund Accounting?

- A method of segregating resources into categories (funds).
- The most common types of funds for associations are the operating fund and the reserve/replacement fund.
- The operating fund is used to fund the day-to-day operations of the association.
- The reserve fund is used to cover major repairs and capital replacements following an associations' reserve study.
- Special Assessment or Community Rehab funds are generally used to fund larger projects such as construction defect or deferred maintenance.

# AMS FINANCIAL TRAINING

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## Normal Monthly Financial Packets

- Financial Recap
- Balance Sheet
- Operating Budget Comparison Report
- Reserve Budget Comparison Report
- AR Aging
- Prepaid Assessment Report
- AP Aging
- General Ledger
- Check Register followed by images of paid invoices

## Special Assessment Financials

- What makes them different from your regular financials?
- Types of Special Assessments:
  - Construction Rehab
  - Capital Projects
  - Operating Shortfall

We will look at this information in detail a little later in the presentation.



Sample Association

6/30/2020  
Month Ending

Account Balance Overview

Cash On Hand

Cost Center	Account Number	Account Name	Cash On Hand
Operating	1000	Alliance Bank Operating (Primary)	\$29,685.84
	<b>Total</b>		<b>\$29,685.84</b>
Reserve	1100	Alliance Bank Money Market	\$201,164.61
	1105	Umpqua Bank Money Market	\$220,384.12
	<b>Total</b>		<b>\$421,548.73</b>
Special Assessment	1160	Umpqua Bank Community Rehab	\$15,000.00
	<b>Total</b>		<b>\$15,000.00</b>
<b>Total</b>			<b>\$466,234.57</b>

YTD Interest Earned

YTD Interest Earned

Cost Center	Account Number	Account Name	Balance
Operating	4350	Interest Income	\$14.75
Reserve	4350	Interest Income	\$249.34
Special Assessment	4350	Interest Income	\$1.10
<b>Total</b>			<b>\$265.19</b>

Operating Fund Overview

Operating Activities Cash Flow	Account Number	Account Name	Balance
Prior Month Ending Bank Balance	1000	Alliance Bank Operating (Primary)	\$38,478.07
Total Cash Receipts	1000	Alliance Bank Operating (Primary)	\$47,671.81
Total Payments	1000	Alliance Bank Operating (Primary)	(\$56,464.04)
<b>Total</b>			<b>\$29,685.84</b>

Cash Adjustments at End of Month	Account Number	Account Name	Balance
Operating Cash Adjustments	2000	Accounts Payable	(\$4,703.30)
	2200	Prepaid Assessments	(\$12,922.81)
	2520	Other Accrued Liabilities	(\$6,726.22)
	2575	Due to / Due from	(\$696.62)
	<b>Total</b>		<b>(\$25,048.95)</b>
<b>Total Adjusted Cash</b>			<b>\$4,636.89</b>

# Monthly Financial Report Recap

Reserve Fund Overview

Reserve Fund Overview	Balance
Adjusted Reserve Funds	\$421,548.73
Reserve Transfers	\$12,541.67

Accounts Payable Overview

Unpaid Bills

Cost Center Name	Account Number	Account Name	Unpaid Bills
Operating	2000	Accounts Payable	\$4,703.30
	2520	Other Accrued Liabilities	\$6,726.22
	<b>Total</b>		<b>\$11,429.52</b>
<b>Total</b>			<b>\$11,429.52</b>



Sample Association

6/30/2020  
Month Ending

Actions Needing Board Approval

\* Past owner balances that may need to be addressed by the Board. Some may be with attorney's, others need to be evaluated for possible bad debt or small balance write off's.

Name	Unit Address	Unit Number	Past Owner Balance
<b>Total</b>			

Due to Due From Reconciliation

Due to / Due from reconciliation:			
Date recorded	Description	Due To	Amount
6.30.20	CPA AJEs	Special Assessment	\$696.62
		Operating	
		<b>TOTAL BALANCE</b>	<b>\$696.62</b>

# Monthly Financial Report Recap

## Special Assessment

**Special Assessment Funds**

SA Start Date: 1/1/2016  
Loan Start Date: 9/2017

SA End Date: Various 5, 10, 14 yr options  
Loan End Date: 12/2030

\$15,000.00	Prior Month Balance Sheet Balance
\$10,857.52	Total Cash Received
\$0.08	Interest Earned
\$0.00	Current Receivables
(\$873.75)	Principal Paydown
(\$6,415.41)	Principal Payment
(\$3,548.44)	Interest Payment
\$0.00	Prepaid SA Repairs
(\$20.00)	Less Bank Fees
\$0.00	Due from Operating Account
\$696.62	Due to Operating Account
<b>\$15,696.62</b>	<b>Total Adjusted Special Assessment Funds</b>

Last Amortization Date	5/1/2020
Monthly Principal & Int	\$9,963.85
Loan Principal Balance	\$970,309.80
Estimated Loan P&I Payments	\$856,891.10
Future SA Receivable	\$1,400,620.08
Adjusted SA Cash	<u>\$15,696.62</u>

**Estimated SA Surplus / (Shortfall) \$559,425.60**

Current Montly Income: \$10,857.52

**Owner Statistics:**

Total Owners:	110
Owners Paid in Full:	83
Owners Delinquent:	0

In June, \$10,857.52 was charged to the owners for the Special Assessment. The association received \$10,857.52 of which \$9,983.77 was deposited to the Special Assessment account and the balance of \$873.75 was applied a principal paydown on the loan.





Sample Association

6/30/2020  
Month Ending

Account Balance Overview

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Special Assessment	1160	Umpqua Bank Community Rehab	\$15,000.00
	<b>Total</b>		<b>\$15,000.00</b>
<b>Total</b>			<b>\$466,234.57</b>

YTD Interest Earned

YTD Interest Earned

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	2520	Other Accrued Liabilities	(\$6,726.22)
	2575	Due to / Due from	(\$696.62)
	<b>Total</b>		<b>(\$25,048.95)</b>
<b>Total Adjusted Cash</b>			<b>\$4,636.89</b>

← Association & Date

← Month End Bank Balances

← YTD Interest Income

← Net Cash Flow

← Expense Adjustment

← Adjusted Cash Balance



Sample Association  
Balance Sheet  
6/30/2020

	Operating	Reserve	Special Assessment	Total
<b>Assets</b>				
<u>Current Assets</u>				
1000 - Alliance Bank Operating (Primary)	\$29,685.84			\$29,685.84
1100 - Alliance Bank Money Market		\$201,164.61		\$201,164.61
1105 - Umpqua Bank Money Market		\$220,384.12		\$220,384.12
1160 - Umpqua Bank Community Rehab			\$15,000.00	\$15,000.00
1200 - Assessments Receivable	\$441.00			\$441.00
1350 - Prepaid Insurance	\$2,568.58			\$2,568.58
1360 - Other Prepays	\$1,574.96			\$1,574.96
1375 - Due to / Due from			\$696.62	\$696.62
<u>Total Current Assets</u>	\$34,270.38	\$421,548.73	\$15,696.62	\$471,515.73
<i>Assets Total</i>	\$34,270.38	\$421,548.73	\$15,696.62	\$471,515.73
<b>Liabilities &amp; Equity</b>				
<u>Current Liabilities</u>				
2000 - Accounts Payable	\$4,703.30			\$4,703.30
2200 - Prepaid Assessments	\$12,922.81			\$12,922.81
2520 - Other Accrued Liabilities	\$6,726.22			\$6,726.22
2575 - Due to / Due from	\$696.62			\$696.62
<u>Total Current Liabilities</u>	\$25,048.95	\$0.00	\$0.00	\$25,048.95
<u>Long-Term Liabilities</u>				
2500 - Loan Payables			\$1,014,855.53	\$1,014,855.53
2900 - Reserves - Contract Liability		\$421,548.73		\$421,548.73
<u>Total Long-Term Liabilities</u>		\$421,548.73	\$1,014,855.53	\$1,436,404.26
<u>Retained Earnings</u>	(\$2,781.18)	\$0.00	(\$1,085,099.25)	(\$1,087,880.43)
<u>Net Income</u>	\$12,002.61	\$0.00	\$85,940.34	\$97,942.95
<i>Liabilities and Equity Total</i>	\$34,270.38	\$421,548.73	\$15,696.62	\$471,515.73

# Balance Sheet

## Financial Report Liabilities

YTD Interest Earned			
Cost Center	Account Number	Account Name	Balance
Operating	4350	Interest Income	\$14.75
Reserve	4350	Interest Income	\$249.34
Special Assessment	4350	Interest Income	\$1.10
<b>Total</b>			<b>\$265.19</b>

  

Operating Fund Overview			
Operating Activities Cash Flow	Account Number	Account Name	Balance
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Total Payments	1000	Alliance Bank Operating (Primary)	(\$56,464.04)
<b>Total</b>			<b>\$29,685.84</b>

  

Cash Adjustments at End of Month	Account Number	Account Name	Balance
Operating Cash Adjustments	2000	Accounts Payable	(\$4,703.30)
	2200	Prepaid Assessments	(\$12,922.81)
	2520	Other Accrued Liabilities	(\$6,726.22)
	2575	Due to / Due from	(\$696.62)
	<b>Total</b>		<b>(\$25,048.95)</b>
<b>Total Adjusted Cash</b>			<b>\$4,636.89</b>

## Balance Sheet Liabilities

Liabilities & Equity	Operating	Reserve	Special Assessment	Total
<u>Current Liabilities</u>				
2000 - Accounts Payable	\$4,703.30			\$4,703.30
2200 - Prepaid Assessments	\$12,922.81			\$12,922.81
2520 - Other Accrued Liabilities	\$6,726.22			\$6,726.22
2575 - Due to / Due from	\$696.62			\$696.62
<u>Total Current Liabilities</u>	\$25,048.95	\$0.00	\$0.00	\$25,048.95

Sample Association  
Balance Sheet  
6/30/2020

	Total
<b>Assets</b>	
<u>Current Assets</u>	
1000 - Alliance Bank Operating (Primary)	\$29,685.84
1100 - Alliance Bank Money Market	\$201,164.61
1105 - Umpqua Bank Money Market	\$220,384.12
1160 - Umpqua Bank Community Rehab	\$15,000.00
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1350 - Prepaid Insurance	\$2,568.58
1360 - Other Prepays	\$1,574.96
1375 - Due to / Due from	\$696.62
<u>Total Current Assets</u>	\$471,515.73
<i>Assets Total</i>	\$471,515.73
<b>Liabilities &amp; Equity</b>	
<u>Current Liabilities</u>	
2000 - Accounts Payable	\$4,703.30
2200 - Prepaid Assessments	\$12,922.81
2520 - Other Accrued Liabilities	\$6,726.22
2575 - Due to / Due from	\$696.62
<u>Total Current Liabilities</u>	\$25,048.95
<u>Long-Term Liabilities</u>	
2500 - Loan Payables	\$1,014,855.53
2900 - Reserves - Contract Liability	\$421,548.73
<u>Total Long-Term Liabilities</u>	\$1,436,404.26
<u>Retained Earnings</u>	(\$1,087,880.43)
<u>Net Income</u>	\$97,942.95
<i>Liabilities and Equity Total</i>	\$471,515.73



## 1. Operating Fund

These are the operating funds to be used for operating expenses for the association per your annual operating budget.

## 2. Replacement Fund

These are your segregated reserve funds to be used only for reserve expense per your reserve study and/or maintenance plan for the association.

## 3. Special Assessment/Community Rehab

These are your segregated special assessment or construction rehab funds to be used only for rehab project expenses per your special assessment or community rehab resolution for the association.

Sample Association  
**Balance Sheet**  
 6/30/2020

	Operating	Reserve	Special Assessment	Total
<b>Assets</b>				
<u>Current Assets</u>				
1000 - Alliance Bank Operating (Primary)	\$29,685.84			\$29,685.84
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<u>Retained Earnings</u>				
	(\$2,781.18)	\$0.00	(\$1,085,099.25)	(\$1,087,880.43)
<u>Net Income</u>	\$12,002.61	\$0.00	\$85,940.34	\$97,942.95
<i>Liabilities and Equity Total</i>	\$34,270.38	\$421,548.73	\$15,696.62	\$471,515.73

Bank and Investment Balances →

Assessments Receivable →

Prepaid Expenses →

Current Liabilities →

Long-Term Liabilities →

Net Income →

Sample Association  
**Balance Sheet**  
 6/30/2020

	Operating	Reserve	Special Assessment	Total
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<i>Liabilities and Equity Total</i>	\$34,270.38	\$421,548.73	\$15,696.62	\$471,515.73

Reserves – Contract Liability →

Retained Earnings →

Net Income →

## Newly adopted Revenue Ruling

What is this and how does it affect our financials?

For Homeowners Associations, the purpose of the change is to recognize reserve revenue as it is used. Reserve Funds are funding capital expenses that can be many years out. With this new ruling, the only reserve revenue that will be recorded in the year will be the reimbursement of any expenses the reserve account incurs during the Calendar or Fiscal Year less any earned interest.

- Operating Fund – Little to no change to existing practices
- Reserves Fund – Area of most change
- Community Rehab/Special Assessment – Varies based on the way it was set up – CPA will determine at year end based on activity



# Budget Comparison Operating

Sample Association  
Budget Comparison Report by Cost Center - Operating  
6/1/2020 - 6/30/2020

6/1/2020 - 6/30/2020			1/1/2020 - 6/30/2020				
MTD Actual	MTD Budget	MTD Variance	Accounts	YTD Actual	YTD Budget	YTD Variance	Annual Budget
<b>Income</b>							
<u>Revenue</u>							
\$34,100.00	\$34,062.50	\$37.50	4000 - Assessment Income	\$204,600.00	\$204,375.00	\$225.00	\$408,750.00
\$0.00	\$0.00	\$0.00	4200 - Late Fees	\$70.00	\$0.00	\$70.00	\$0.00
\$0.00	\$0.00	\$0.00	4230 - Board Waived Fees	(\$37.44)	\$0.00	(\$37.44)	\$0.00
\$56.00	\$0.00	\$56.00	4293 - Key/Fob Income	\$168.00	\$0.00	\$168.00	\$0.00
\$0.00	\$0.00	\$0.00	4335 - Clubhouse Income	\$70.00	\$0.00	\$70.00	\$0.00
\$2.41	\$0.00	\$2.41	4350 - Interest Income	\$14.75	\$0.00	\$14.75	\$0.00
\$27.00	\$0.00	\$27.00	4360 - Other Income	\$177.16	\$0.00	\$177.16	\$0.00
<b>\$34,185.41</b>	<b>\$34,062.50</b>	<b>\$122.91</b>	<b>Total Revenue</b>	<b>\$205,062.47</b>	<b>\$204,375.00</b>	<b>\$687.47</b>	<b>\$408,750.00</b>
<b>\$34,185.41</b>	<b>\$34,062.50</b>	<b>\$122.91</b>	<b>Total Income</b>	<b>\$205,062.47</b>	<b>\$204,375.00</b>	<b>\$687.47</b>	<b>\$408,750.00</b>
<b>Expense</b>							
<u>Grounds Maintenance &amp; Repair</u>							
\$4,878.00	\$5,631.42	\$753.42	5000 - Landscape Maintenance Contract	\$28,177.11	\$33,788.52	\$5,611.41	\$67,577.00
\$297.12	\$208.33	(\$88.79)	5025 - Landscape Other	\$2,996.28	\$1,249.98	(\$1,746.30)	\$2,500.00
\$0.00	\$216.67	\$216.67	5200 - Gate Maintenance	\$2,163.66	\$1,300.02	(\$863.64)	\$2,600.00
\$143.18	\$125.00	(\$18.18)	5225 - Pest Control	\$859.06	\$750.00	(\$109.06)	\$1,500.00
\$0.00	\$52.08	\$52.08	5399 - Contingencies	\$0.00	\$312.48	\$312.48	\$625.00
<b>\$5,318.30</b>	<b>\$6,233.50</b>	<b>\$915.20</b>	<b>Total Grounds Maintenance &amp; Repair</b>	<b>\$34,196.11</b>	<b>\$37,401.00</b>	<b>\$3,204.89</b>	<b>\$74,802.00</b>
<u>Building Maintenance &amp; Repair</u>							
\$0.00	\$208.33	\$208.33	6520 - Building Maintenance	\$267.74	\$1,249.98	\$982.24	\$2,500.00
\$10,910.46	\$1,958.33	(\$8,952.13)	6590 - Siding Maintenance	\$10,910.46	\$11,749.98	\$839.52	\$23,500.00
\$393.19	\$0.00	(\$393.19)	6595 - Exterior Improvements	\$393.19	\$0.00	(\$393.19)	\$0.00
<b>\$11,303.65</b>	<b>\$2,166.66</b>	<b>(\$9,136.99)</b>	<b>Total Building Maintenance &amp; Repair</b>	<b>\$11,571.39</b>	<b>\$12,999.96</b>	<b>\$1,428.57</b>	<b>\$26,000.00</b>
<u>Pool Services</u>							
\$1,611.91	\$0.00	(\$1,611.91)	6025 - Pool - Repairs	\$1,611.91	\$0.00	(\$1,611.91)	\$0.00
\$0.00	\$0.00	\$0.00	6100 - Pool - License/Fees	\$1,502.00	\$0.00	(\$1,502.00)	\$0.00
\$6,726.22	\$3,916.67	(\$2,809.55)	6125 - Pool - Service Contract	\$25,104.36	\$23,500.02	(\$1,604.34)	\$47,000.00
<b>\$8,338.13</b>	<b>\$3,916.67</b>	<b>(\$4,421.46)</b>	<b>Total Pool Services</b>	<b>\$28,218.27</b>	<b>\$23,500.02</b>	<b>(\$4,718.25)</b>	<b>\$47,000.00</b>
<u>Recreation Center</u>							
\$210.00	\$200.00	(\$10.00)	5550 - Clubhouse - Janitorial	\$1,169.64	\$1,200.00	\$30.36	\$2,400.00



## Matching Income and Expenses to Budget Monthly/Annually

While checking your monthly financials, you want to pay close attention to your income and expenses. Check the MTD Actual to MTD Budget and your YTD Actual to YTD Budget. This will help you see how your association is doing each month according to your budget. Keep in mind that some expenses will have larger variances at different times of the year (especially seasonal).

### Sample Association Budget Comparison Report by Cost Center - Operating 6/1/2020 - 6/30/2020

6/1/2020 - 6/30/2020				1/1/2020 - 6/30/2020			
MTD Actual	MTD Budget	MTD Variance	Accounts	YTD Actual	YTD Budget	YTD Variance	Annual Budget
<b>Income</b>							
			<b>Revenue</b>				
\$34,100.00	\$34,062.50		4200 - Assessment Income	\$204,600.00	\$204,375.00	\$225.00	\$408,750.00
\$0.00	\$0.00		4200 - Late Fees	\$70.00	\$0.00	\$70.00	\$0.00
\$0.00	\$0.00	\$0.00	4230 - Board Waived Fees	(\$37.44)	\$0.00	(\$37.44)	\$0.00
\$56.00	\$0.00	\$56.00	4293 - Key/Fob Income	\$168.00	\$0.00	\$168.00	\$0.00
\$0.00	\$0.00	\$0.00	4335 - Clubhouse Income	\$70.00	\$0.00	\$70.00	\$0.00
\$2.41	\$0.00	\$2.41	4350 - Interest Income	\$14.75	\$0.00	\$14.75	\$0.00
\$27.00	\$0.00	\$27.00	4360 - Other Income	\$177.16	\$0.00	\$177.16	\$0.00
<b>\$34,185.41</b>	<b>\$34,062.50</b>	<b>\$122.91</b>	<b>Total Revenue</b>	<b>\$205,062.47</b>	<b>\$204,375.00</b>	<b>\$687.47</b>	<b>\$408,750.00</b>
<b>\$34,185.41</b>	<b>\$34,062.50</b>	<b>\$122.91</b>	<b>Total Income</b>	<b>\$205,062.47</b>	<b>\$204,375.00</b>	<b>\$687.47</b>	<b>\$408,750.00</b>
<b>Expense</b>							
			<b>Grounds Maintenance &amp; Repair</b>				
\$4,878.00	\$5,631.42		5000 - Landscape Maintenance	\$28,177.11	\$33,788.52	\$5,611.41	\$67,577.00
\$297.12	\$208.33		5025 - Landscape Other	\$2,996.28	\$1,249.98	(\$1,746.30)	\$2,500.00
\$0.00	\$216.67	\$216.67	5200 - Gate Maintenance	\$2,163.66	\$1,300.02	(\$863.64)	\$2,600.00
\$143.18	\$125.00	(\$18.18)	5225 - Pest Control	\$859.06	\$750.00	(\$109.06)	\$1,500.00
\$0.00	\$52.08	\$52.08	5399 - Contingencies	\$0.00	\$312.48	\$312.48	\$625.00
<b>\$5,318.30</b>	<b>\$6,233.50</b>	<b>\$915.20</b>	<b>Total Grounds Maintenance &amp; Repair</b>	<b>\$34,196.11</b>	<b>\$37,401.00</b>	<b>\$3,204.89</b>	<b>\$74,802.00</b>
			<b>Building Maintenance &amp; Repair</b>				
\$0.00	\$208.33	\$208.33	6520 - Building Maintenance	\$267.74	\$1,249.98	\$982.24	\$2,500.00
\$10,910.46	\$1,958.33	(\$8,952.13)	6590 - Siding Maintenance	\$10,910.46	\$11,749.98	\$839.52	\$23,500.00
\$393.19	\$0.00	(\$393.19)	6595 - Exterior Improvements	\$393.19	\$0.00	(\$393.19)	\$0.00
<b>\$11,303.65</b>	<b>\$2,166.66</b>	<b>(\$9,136.99)</b>	<b>Total Building Maintenance &amp; Repair</b>	<b>\$11,571.39</b>	<b>\$12,999.96</b>	<b>\$1,428.57</b>	<b>\$26,000.00</b>
			<b>Pool Services</b>				
\$1,611.91	\$0.00	(\$1,611.91)	6025 - Pool - Repairs	\$1,611.91	\$0.00	(\$1,611.91)	\$0.00
\$0.00	\$0.00	\$0.00	6100 - Pool - License/Fees	\$1,502.00	\$0.00	(\$1,502.00)	\$0.00
\$6,726.22	\$3,916.67	(\$2,809.55)	6125 - Pool - Service Contract	\$25,104.36	\$23,500.02	(\$1,604.34)	\$47,000.00
<b>\$8,338.13</b>	<b>\$3,916.67</b>	<b>(\$4,421.46)</b>	<b>Total Pool Services</b>	<b>\$28,218.27</b>	<b>\$23,500.02</b>	<b>(\$4,718.25)</b>	<b>\$47,000.00</b>
			<b>Recreation Center</b>				
\$210.00	\$200.00	(\$10.00)	5550 - Clubhouse - Janitorial	\$1,169.64	\$1,200.00	\$30.36	\$2,400.00

## Current Earning (Or Loss) For The Calendar Year.

Example of association that is currently ahead of their budget (bringing in more income than they have in expenses). Associations are non-profit and should not have a profit for the year. In this case, I would expect that this association has more expenses than they do income that will hit before the end of year to use up this overage.

### Sample Association Budget Comparison Report by Cost Center - Operating 6/1/2020 - 6/30/2020

6/1/2020 - 6/30/2020			1/1/2020 - 6/30/2020				
MTD Actual	MTD Budget	MTD Variance	Accounts	YTD Actual	YTD Budget	YTD Variance	Annual Budget
\$184.28	\$50.00	(\$134.28)	5725 - Clubhouse - Exercise Equipment	\$388.56	\$300.00	(\$88.56)	\$600.00
\$55.91	\$418.67	\$360.76	5825 - Clubhouse - Gas	\$898.46	\$2,500.02	\$1,601.56	\$5,000.00
\$51.12	\$22.50	(\$28.62)	5925 - Clubhouse - Trash	\$153.36	\$135.00	(\$18.36)	\$270.00
\$129.62	\$100.00	(\$29.62)	5950 - Clubhouse - Telephone	\$911.54	\$800.00	(\$311.54)	\$1,200.00
\$630.93	\$789.17	\$158.24	<b>Total Recreation Center</b>	\$3,501.56	\$4,735.02	\$1,233.46	\$9,470.00
			<u>Utilities</u>				
\$619.71	\$625.00	\$5.29	7025 - Electricity	\$3,621.51	\$3,750.00	\$128.49	\$7,500.00
\$209.80	\$833.33	\$623.53	7150 - Water & Sewer	\$1,501.49	\$4,999.98	\$3,498.49	\$10,000.00
\$829.51	\$1,458.33	\$628.82	<b>Total Utilities</b>	\$5,123.00	\$8,749.98	\$3,626.98	\$17,500.00
			<u>Operating Expenses</u>				
\$0.00	\$375.00	\$375.00	7510 - Audit/Review Expense	\$350.00	\$2,250.00	\$1,900.00	\$4,500.00
\$0.00	\$125.00	\$125.00	7520 - Bad Debt Expense	\$0.00	\$750.00	\$750.00	\$1,500.00
\$0.00	\$208.33	\$208.33	7540 - Collection Expense	\$0.00	\$1,249.98	\$1,249.98	\$2,500.00
\$0.00	\$41.67	\$41.67	7550 - Committee Expense	\$0.00	\$250.02	\$250.02	\$500.00
\$0.00	\$8.33	\$8.33	7580 - Income Tax Expense	\$0.00	\$49.98	\$49.98	\$100.00
\$2,568.58	\$3,025.25	\$456.67	7590 - Insurance	\$18,673.00	\$18,151.50	(\$521.50)	\$36,303.00
\$88.50	\$166.67	\$78.17	7650 - Legal	\$619.50	\$1,000.02	\$380.52	\$2,000.00
\$0.00	\$49.17	\$49.17	7670 - Lien Filing	\$0.00	\$295.02	\$295.02	\$590.00
\$2,438.10	\$2,477.92	\$39.82	7690 - Management Fees	\$14,628.60	\$14,867.52	\$238.92	\$29,735.00
\$265.46	\$208.33	(\$57.13)	7693 - Extra Management Fees	\$390.46	\$1,249.98	\$859.52	\$2,500.00
\$87.66	\$208.33	\$120.67	7730 - Office Supplies	\$537.95	\$1,249.98	\$712.03	\$2,500.00
\$12,541.67	\$12,541.67	\$0.00	7745 - Reserve Transfers	\$75,250.02	\$75,250.02	\$0.00	\$150,500.00
\$0.00	\$62.50	\$62.50	7750 - Reserve Study	\$0.00	\$375.00	\$375.00	\$750.00
\$17,989.97	\$19,498.17	\$1,508.20	<b>Total Operating Expenses</b>	\$110,449.53	\$116,989.02	\$6,539.49	\$233,978.00
\$44,410.49	\$34,062.50	(\$10,347.99)	<b>Total Expense</b>	\$193,059.86	\$204,375.00	\$11,315.14	\$408,750.00
(\$10,225.08)	\$0.00	(\$10,225.08)	Operating Net Income	\$12,002.61	\$0.00	\$12,002.61	\$0.00

## Budget Comparison by Cost Center

\$44,410.49	\$34,082.50	(\$10,347.99)	<b>Total Expense</b>	\$193,059.86	\$204,375.00	\$11,315.14	\$408,750.00
(\$10,225.08)	\$0.00	(\$10,225.08)	<b>Operating Net Income</b>	\$12,002.61		\$12,002.61	\$0.00

## Balance Sheet

<u>Retained Earnings</u>	(\$2,781.18)	\$0.00	(\$1,085,099.25)	(\$1,087,880.43)
<u>Net Income</u>	\$12,002.61		\$85,940.34	\$97,942.95
<i>Liabilities and Equity Total</i>	\$34,270.38	\$421,548.73	\$15,696.62	\$471,515.73



# AMS FINANCIAL TRAINING

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## Bad Debt

- Writing a debt off to “Bad Debt Expense” does not mean that the association cannot still collect on this debt.
- If collection efforts result in recovering some or all of a previously written off debt, the association would recover this amount from Bad Debt. We would record it on the financials as revenue in the year it is recovered as “Recovered from Bad Debt”.





# Budget Comparison – Reserve

Sample Association  
 Budget Comparison Report by Cost Center - Reserve  
 6/1/2020 - 6/30/2020

6/1/2020 - 6/30/2020			1/1/2020 - 6/30/2020				
MTD Actual	MTD Budget	MTD Variance	Accounts	YTD Actual	YTD Budget	YTD Variance	Annual Budget
<b>Income</b>							
<u>Revenue</u>							
\$13,449.89	\$12,541.67	\$908.22	4175 - Reserve Income	\$89,597.28	\$75,250.02	\$14,347.26	\$150,500.00
(\$12,541.67)	\$0.00	(\$12,541.67)	4199 - Reserve Transfer to Contract Liability	(\$75,250.02)	\$0.00	(\$75,250.02)	\$0.00
\$32.15	\$0.00	\$32.15	4350 - Interest Income	\$249.34	\$0.00	\$249.34	\$0.00
\$940.37	\$12,541.67	(\$11,601.30)	<u>Total Revenue</u>	\$14,596.60	\$75,250.02	(\$60,653.42)	\$150,500.00
\$940.37	\$12,541.67	(\$11,601.30)	<b>Total Income</b>	\$14,596.60	\$75,250.02	(\$60,653.42)	\$150,500.00
<b>Expense</b>							
<u>Grounds Maintenance &amp; Repair</u>							
\$0.00	\$0.00	\$0.00	5025 - Landscape Other	\$921.40	\$0.00	(\$921.40)	\$0.00
\$0.00	\$0.00	\$0.00	5125 - Arborist	\$823.84	\$0.00	(\$823.84)	\$0.00
\$940.37	\$0.00	(\$940.37)	5170 - Irrigation	\$940.37	\$0.00	(\$940.37)	\$0.00
\$0.00	\$0.00	\$0.00	5200 - Gate Maintenance	\$11,910.99	\$0.00	(\$11,910.99)	\$0.00
\$940.37	\$0.00	(\$940.37)	<u>Total Grounds Maintenance &amp; Repair</u>	\$14,596.60	\$0.00	(\$14,596.60)	\$0.00
\$940.37	\$0.00	(\$940.37)	<b>Total Expense</b>	\$14,596.60	\$0.00	(\$14,596.60)	\$0.00
\$0.00	\$12,541.67	(\$12,541.67)	<b>Reserve Net Income</b>	\$0.00	\$75,250.02	(\$75,250.02)	\$150,500.00

# AR Aging with Status

Sample Association  
AR Aging with Status  
Period Through: 6/30/2020

Account	Name	Address	Unit	Total	Current	30	60	90	Status
		8814 NE 17th Street	#37	\$310.00	\$310.00				
		8818 NE 16th Way	#102	\$56.00	\$56.00				
		8802 NE 16th Way	#109	\$75.00	\$75.00				
				<u>\$441.00</u>	<u>\$441.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	
					3	0	0	0	
				SA Payoff Calc	\$75.00	\$75.00	\$0.00	\$0.00	\$0.00
				Fee Income - Keys	\$56.00	\$56.00	\$0.00	\$0.00	\$0.00
				Assessments	\$310.00	\$310.00	\$0.00	\$0.00	\$0.00
				<u>\$441.00</u>	<u>\$441.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	

# Prepaid Assessments

**Sample Association**  
**Prepaid Report**  
**Period Through: 6/30/2020**

Unit	Account Number	Homeowner	Address	Balance
#5				\$126.16
#6				\$35.00
#9				\$310.00
#11				\$228.60
#17				\$310.00
#18				\$310.00
#21				\$580.00
#30				\$1,162.23
#32				\$310.00
#33				\$607.43
#34				\$1,130.19
#39				\$620.00
#50				\$310.00
#51				\$363.00
#58				\$310.00
#60				\$1,860.00
#66				\$310.00
#68				\$320.00
#86				\$310.00
#89				\$0.20
#90				\$310.00
#96				\$310.00
#97				\$310.00
#101				\$1,860.00
#108				\$310.00
#110				\$310.00
<b>Totals:</b>				<b>\$12,922.81</b>

Sample Association

Balance Sheet

6/30/2020

	Operating	Reserve	Special Assessment	Total
<b>Assets</b>				
<u>Current Assets</u>				
1000 - Alliance Bank Operating (Primary)	\$29,685.84			\$29,685.84
1100 - Alliance Bank Money Market		\$201,164.61		\$201,164.61
1105 - Umpqua Bank Money Market		\$220,384.12		\$220,384.12
1160 - Umpqua Bank Community Rehab			\$15,000.00	\$15,000.00
1200 - Assessments Receivable	\$441.00			\$441.00
1350 - Prepaid Insurance	\$2,568.58			\$2,568.58
1360 - Other Prepays	\$1,574.96			\$1,574.96
1375 - Due to / Due from			\$696.62	\$696.62
<b>Total Current Assets</b>	<b>\$34,270.38</b>	<b>\$421,548.73</b>	<b>\$15,696.62</b>	<b>\$471,515.73</b>
<b>Assets Total</b>	<b>\$34,270.38</b>	<b>\$421,548.73</b>	<b>\$15,696.62</b>	<b>\$471,515.73</b>
<b>Liabilities &amp; Equity</b>				
<u>Current Liabilities</u>				
2000 - Accounts Payable	\$4,703.30			\$4,703.30
2200 - Prepaid Assessments	\$12,922.81			\$12,922.81
2520 - Other Accrued Liabilities	\$6,726.22			\$6,726.22
2575 - Due to / Due from	\$696.62			\$696.62
<b>Total Current Liabilities</b>	<b>\$25,048.95</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$25,048.95</b>
<u>Long-Term Liabilities</u>				
2500 - Loan Payables			\$1,014,855.53	\$1,014,855.53
2900 - Reserves - Contract Liability		\$421,548.73		\$421,548.73
<b>Total Long-Term Liabilities</b>		<b>\$421,548.73</b>	<b>\$1,014,855.53</b>	<b>\$1,436,404.26</b>
<u>Retained Earnings</u>	(\$2,781.18)	\$0.00	(\$1,085,099.25)	(\$1,087,880.43)
<u>Net Income</u>	\$12,002.61	\$0.00	\$85,940.34	\$97,942.95
<b>Liabilities and Equity Total</b>	<b>\$34,270.38</b>	<b>\$421,548.73</b>	<b>\$15,696.62</b>	<b>\$471,515.73</b>

Sample Association  
AR Aging with Status  
Period Through: 6/30/2020

Account Name	Address	Unit	Total	Current	30	60	90	Status
	8814 NE 17th Street	#37	\$310.00	\$310.00				
	8818 NE 16th Way	#102	\$56.00	\$56.00				
	8802 NE 16th Way	#109	\$75.00	\$75.00				
			<b>\$441.00</b>	<b>\$441.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
				3	0	0	0	
			SA Payoff Calc	\$75.00	\$75.00	\$0.00	\$0.00	\$0.00
			Fee Income - Keys	\$56.00	\$56.00	\$0.00	\$0.00	\$0.00
			Assessments	\$310.00	\$310.00	\$0.00	\$0.00	\$0.00
			<b>\$441.00</b>	<b>\$441.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	



Sample Association  
Prepaid Report  
Period Through: 6/30/2020

Unit	Account Number	Homeowner	Address	Balance
#5				\$126.16
#6				\$35.00
#9				\$310.00
#11				\$228.60
#17				\$310.00
#18				\$310.00
#21				\$580.00
#30				\$1,162.23
#32				\$310.00
#33				\$607.43
#34				\$1,130.19
#39				\$620.00
#50				\$310.00
#51				\$363.00
#58				\$310.00
#60				\$1,860.00
#66				\$310.00
#68				\$320.00
#86				\$310.00
#89				\$0.20
#90				\$310.00
#96				\$310.00
#97				\$310.00
#101				\$1,860.00
#108				\$310.00
#110				\$310.00
<b>Totals:</b>				<b>\$12,922.81</b>



# AP Aging

## Sample Association Balance Sheet 6/30/2020

	Operating	Reserve	Special Assessment	Total
<b>Assets</b>				
<u>Current Assets</u>				
1000 - Alliance Bank Operating (Primary)	\$29,685.84			\$29,685.84
1100 - Alliance Bank Money Market		\$201,164.61		\$201,164.61
1105 - Umpqua Bank Money Market		\$220,384.12		\$220,384.12
1160 - Umpqua Bank Community Rehab			\$15,000.00	\$15,000.00
1200 - Assessments Receivable	\$441.00			\$441.00
1350 - Prepaid Insurance	\$2,568.58			\$2,568.58
1360 - Other Prepays	\$1,574.96			\$1,574.96
1375 - Due to / Due from			\$696.62	\$696.62
<b>Total Current Assets</b>	<b>\$34,270.38</b>	<b>\$421,548.73</b>	<b>\$15,696.62</b>	<b>\$471,515.73</b>
<i>Assets Total</i>	<i>\$34,270.38</i>	<i>\$421,548.73</i>	<i>\$15,696.62</i>	<i>\$471,515.73</i>
<b>Liabilities &amp; Equity</b>				
<u>Current Liabilities</u>				
2000 - Accounts Payable	\$4,703.30			\$4,703.30
2200 - Prepaid Assessments	\$12,922.81			\$12,922.81
2520 - Other Accrued Liabilities	\$6,726.22			\$6,726.22
2575 - Due to / Due from	\$696.62			\$696.62
<b>Total Current Liabilities</b>	<b>\$25,048.95</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$25,048.95</b>
<u>Long-Term Liabilities</u>				
2500 - Loan Payables		\$1,014,855.53		\$1,014,855.53
2900 - Reserves - Contract Liability		\$421,548.73		\$421,548.73
<b>Total Long-Term Liabilities</b>	<b>\$421,548.73</b>	<b>\$1,014,855.53</b>		<b>\$1,436,404.26</b>
<u>Retained Earnings</u>	(\$2,781.18)	\$0.00	(\$1,085,099.25)	(\$1,087,880.43)
<u>Net Income</u>	\$12,002.61	\$0.00	\$85,940.34	\$97,942.95
<i>Liabilities and Equity Total</i>	<i>\$34,270.38</i>	<i>\$421,548.73</i>	<i>\$15,696.62</i>	<i>\$471,515.73</i>

## Sample Association Accounts Payable Aging Report Period Through: 6/30/2020

Payee	Invoice	Invoice Date	Due Date	Description	Expense	Total	Current	30 Days	60 Days	90 Days
Farmers Insurance Group	F00674070720	6/18/2020	7/8/2020	7590-Insurance		\$2,568.58	\$2,568.58			
						<b>F00674070720 Total:</b>	\$2,568.58	\$2,568.58	\$0.00	\$0.00
	062720-	6/27/2020	7/2/2020	6595-Exterior Improvements		\$393.19	\$393.19			
						<b>062720- Total:</b>	\$393.19	\$393.19	\$0.00	\$0.00
Steypro LLC	7796	6/24/2020	7/9/2020	6025-Pool - Repairs		\$1,611.91	\$1,611.91			
						<b>7796 Total:</b>	\$1,611.91	\$1,611.91	\$0.00	\$0.00
Comcast Business	105997350720	6/22/2020	7/19/2020	5950-Clubhouse - Telephone		\$129.62	\$129.62			
						<b>105997350720 Total:</b>	\$129.62	\$129.62	\$0.00	\$0.00
						<b>Totals:</b>	<b>\$4,703.30</b>	<b>\$4,703.30</b>	<b>\$0.00</b>	<b>\$0.00</b>



# General Ledger

Sample Association  
General Ledger Report  
6/1/2020 - 6/30/2020

Net Change

\$0.00

Client: Sample Association		Account Category: Current Assets				
Account: 1200 - Assessments Receivable		Account Type: Accounts Receivable				
Posting Date	Source Description	Long Desc.	Cost Center	Debit	Credit	Balance
<b>Beginning Balance</b>						
6/1/2020	AR		Operating	\$621.00		\$28.48
			Special Assessment			(\$592.52)
6/1/2020	AR		Assessment	\$464.17		(\$1,056.69)
6/1/2020	AR		June 2020 - Monthly Billing Fee			(\$1,029.69)
6/1/2020	AR		June 2020 - Special Assessment	\$27.00		\$9,627.83
6/1/2020	AR		June 2020 - Monthly Assessments	\$10,857.52		\$43,927.83
6/1/2020	AR		Payment Application	\$34,100.00		\$38,563.10
6/1/2020	AR		Payment Application	\$5,364.73		\$5,364.73
6/1/2020	AR		Payment Application	\$1,525.23		\$37,037.87
6/1/2020	AR		Assessment			\$257.00
6/1/2020	AR		Payment Application	\$257.00		\$36,780.87
6/2/2020	AR		Payment Application	\$1,980.50		\$34,800.37
6/2/2020	AR		Assessment	\$356.01		\$34,444.36
6/3/2020	AR		Payment Application	\$621.00		\$33,823.36
6/3/2020	AR		Assessment	\$356.01		\$33,467.35
6/4/2020	AR		Payment Application	\$1,117.77		\$32,349.58
6/4/2020	AR		Assessment	\$728.44		\$31,621.14
6/5/2020	AR		Payment Application	\$930.00		\$30,691.14
6/5/2020	AR		Payment Application	\$16,445.00		\$14,246.14
6/5/2020	AR		Assessment	\$5,910.68		\$8,335.46
6/6/2020	AR		Payment Application	\$1,241.00		\$7,094.46
6/6/2020	AR		Assessment	\$364.70		\$6,729.76
6/9/2020	AR		Payment Application	\$723.00		\$6,006.76
6/10/2020	AR		Payment Application	\$896.00		\$5,110.76
6/10/2020	AR		Assessment	\$364.70		\$4,746.06
6/11/2020	AR		Key: Fob - Gate remotes	\$56.00		\$4,802.06
6/11/2020	AR		Payment Application	\$621.00		\$4,181.06
6/11/2020	AR		Assessment	\$361.87		\$3,819.19
6/12/2020	AR		Payment Application	\$930.00		\$2,889.19
6/15/2020	AR		Payment Application	\$310.00		\$2,579.19
6/16/2020	AR		[REVERSAL] - Payment Application	\$310.00		\$2,889.19
6/17/2020	AR		Payment Application	\$207.00		\$2,682.19
6/17/2020	AR		Assessment	\$931.00		\$1,751.19
6/17/2020	AR		Payment Application	\$366.57		\$1,384.62
6/18/2020	AR		Payment Application	\$310.00		\$1,074.62
6/23/2020	AR		Special Assessment Payoff Calc Fee	\$75.00		\$1,149.62
6/24/2020	AR		Payment Application	\$310.00		\$839.62
6/25/2020	AR		Assessment	\$59.14		\$780.48
6/26/2020	AR		Payment Application	\$1.00		\$779.48
6/29/2020	AR		Payment Application	\$28.48		\$751.00
6/30/2020	AR		Payment Application	\$310.00		\$441.00
<b>Account Total</b>				\$45,425.52	\$45,013.00	\$441.00
<b>Beginning Balance</b>						\$28.48
<b>Net Change</b>						\$412.52

Client: Sample Association		Account Category: Current Assets				
Account: 1350 - Prepaid Insurance		Account Type: Asset				
Posting Date	Source Description	Long Desc.	Cost Center	Debit	Credit	Balance
<b>Beginning Balance</b>						
6/30/2020	GL		Operating	\$2,568.58		\$2,568.58
<b>Account Total</b>				\$2,568.58	\$0.00	\$2,568.58

Sample Association  
General Ledger Report  
6/1/2020 - 6/30/2020

Posting Date	Source Description	Long Desc.	Cost Center	Debit	Credit	Balance
<b>Beginning Balance</b>						
6/1/2020	AP		Operating	\$2,438.10		\$12,190.50
<b>Account Total</b>				\$2,438.10	\$0.00	\$14,628.60
<b>Beginning Balance</b>						\$12,190.50
<b>Net Change</b>						\$2,438.10

Client: Sample Association		Account Category: Operating Expenses				
Account: 7693 - Extra Management Fees		Account Type: Expense				
Posting Date	Source Description	Long Desc.	Cost Center	Debit	Credit	Balance
<b>Beginning Balance</b>						
6/1/2020	AP		Operating	\$265.46		\$125.00
<b>Account Total</b>				\$265.46	\$0.00	\$390.46
<b>Beginning Balance</b>						\$125.00
<b>Net Change</b>						\$265.46

Client: Sample Association		Account Category: Operating Expenses				
Account: 7736 - Office Supplies		Account Type: Expense				
Posting Date	Source Description	Long Desc.	Cost Center	Debit	Credit	Balance
<b>Beginning Balance</b>						
6/1/2020	AP		Operating	\$87.66		\$450.29
<b>Account Total</b>				\$87.66	\$0.00	\$537.95
<b>Beginning Balance</b>						\$450.29
<b>Net Change</b>						\$87.66

Client: Sample Association		Account Category: Operating Expenses				
Account: 7745 - Reserve Transfer		Account Type: Expense				
Posting Date	Source Description	Long Desc.	Cost Center	Debit	Credit	Balance
<b>Beginning Balance</b>						
6/24/2020	GL		Operating	\$12,541.67		\$62,708.35
<b>Account Total</b>				\$12,541.67	\$0.00	\$75,250.02
<b>Beginning Balance</b>						\$62,708.35
<b>Net Change</b>						\$12,541.67

Client: Sample Association		Account Category: Operating Expenses				
Account: 7748 - Reserve Transfer - Special Assessment		Account Type: Expense				
Posting Date	Source Description	Long Desc.	Cost Center	Debit	Credit	Balance
<b>Beginning Balance</b>						
6/30/2020	AP		Operating	\$9,983.58		\$0.00
6/30/2020	Other Deposit from: Operating - 6.20 SA Txf		Operating		\$9,983.58	\$9,983.58
<b>Account Total</b>				\$9,983.58	\$9,983.58	\$0.00
<b>Beginning Balance</b>						\$0.00
<b>Net Change</b>						\$0.00

# Check Register

## Sample Association Check Register Report 6/1/2020 - 6/30/2020

Account Check #	Check Date	Vendor or Payee Invoice Line Item	Check Amt	Expense Account	Invoice	Paid
1000 0	6/1/2020	TMG Assoc Mgt Svs NW LLC CHC-202306-0001	\$2,438.10	7690 Management Fees	\$2,438.10	\$2,438.10
1000 100784	6/3/2020	Clark Public Utilities 71-959-60620	\$0.00	****VOID****	\$0.00	\$0.00
1000 100785	6/3/2020	Harrys Key Service Inc. H19788	\$0.00	****VOID****	\$0.00	\$0.00
1000 100786	6/3/2020	Steypro LLC 7793	\$0.00	****VOID****	\$0.00	\$0.00
1000 1370	6/8/2020	May Contracting Inc. 50% Down payment	\$10,910.46	6590 Siding Maintenance	\$10,910.46	\$10,910.46
1000 100787	6/8/2020	Comcast Business 105997350620	\$129.62	5950 Clubhouse - Telephone	\$129.62	\$129.62
1000 100788	6/8/2020	Farmers Insurance Group F00674070620	\$2,568.58	7590 Insurance	\$2,568.58	\$2,568.58
1000 100789	6/10/2020	Bagby Law Firm LLC 2161	\$88.50	7650-05 General Counsel	\$88.50	\$88.50
1000 100790	6/10/2020	Peppers & Walker Landscape Professionals, LLC 2425	\$940.37	5170 Irrigation	\$940.37	\$940.37
1000 100791	6/10/2020	AER Fitness 86725	\$184.28	5725 Clubhouse - Exercise Equipment	\$184.28	\$184.28
1000 100792	6/11/2020	TMG Assoc Mgt Svs NW LLC 21030A 21030A	\$353.12	7730 Office Supplies 7693 Extra Management Fees	\$87.66 \$265.46	\$87.66 \$265.46
1000 100793	6/11/2020	050520-	\$98.85	5025 Landscape Other	\$98.85	\$98.85
1000 100794	6/12/2020	Waste Connections, Inc. 16590143	\$51.12	5925 Clubhouse - Trash	\$51.12	\$51.12
1000 1371	6/18/2020	Refund [REFUND] - Acct #: 115500320-1 - Chicago Title	\$365.70	2200 Prepaid Assessments	\$365.70	\$365.70
1000 1372	6/18/2020	Refund [REFUND] - Acct #: 115501020-1 - Payment	\$310.00	2200 Prepaid Assessments	\$310.00	\$310.00
1000 1373	6/18/2020	Refund [REFUND] - Acct #: 115500960-1 - Chicago Title	\$103.00	2200 Prepaid Assessments	\$103.00	\$103.00
1000 100795	6/19/2020	Bugaboo Pest Control 48631	\$1,718.14	5225 Pest Control	\$1,718.14	\$1,718.14
1000 100796	6/19/2020	City of Vancouver 01181-010620 01179-010620 00983-010620 01068-010620 01190-000620	\$656.78	7150 Water & Sewer 7150 Water & Sewer 7150 Water & Sewer 7150 Water & Sewer 7150 Water & Sewer	\$71.18 \$75.62 \$120.02 \$123.68 \$266.28	\$71.18 \$75.62 \$120.02 \$123.68 \$266.28
1000 100797	6/19/2020	Northwest Natural Gas 876674-30620	\$55.91	5825 Clubhouse - Gas	\$23.40	\$23.40

856429-60620

1000 100798	6/19/2020	Peppers & Walker Landscape Professionals, LLC 2447	\$4,878.00	5000 Landscape Maintenance Contract	\$4,878.00	\$4,878.00
1000 100799	6/19/2020	Vanguard Cleaning Systems of Portland 695252	\$210.00	5550 Clubhouse - Janitorial	\$210.00	\$210.00
1000 100800	6/19/2020	060920-	\$24.91	5025 Landscape Other	\$24.91	\$24.91
1000 100801	6/19/2020	060920-	\$173.36	5025 Landscape Other	\$173.36	\$173.36
1000 100802	6/26/2020	Clark Public Utilities 72-114- 70620 71-984- 40620 71-959- 60620	\$619.71	7025 Electricity 7025 Electricity 7025 Electricity	\$128.73 \$161.75 \$329.23	\$128.73 \$161.75 \$329.23
1000 0	6/30/2020	TMG Assoc Mgt Svs NW LLC 412 SA CALC 6.20	\$75.00	4290 SA Payoff Calculations	\$75.00	\$75.00
1000 1374	6/30/2020	6.20 SA Txf	\$9,983.58	7748 Reserve Transfer - Special Assessment	\$9,983.58	\$9,983.58
1000 1375	6/30/2020	Columbia Bank 6.20 Prin Paydown	\$873.94	2500 Loan Payables	\$873.94	\$873.94
<b>Total:</b>			<b>\$37,811.03</b>			

## Special Assessments

### What is different on financials with Special Assessments?

- Financial Recap
- Balance Sheet
- Budget Comparison by Cost Center – Special Assessment

Sample Association  
Balance Sheet  
6/30/2020

	Total
<b>Assets</b>	
<u>Current Assets</u>	
1000 - Alliance Bank Operating (Primary)	\$29,685.84
1100 - Alliance Bank Money Market	\$201,164.61
1105 - Umpqua Bank Money Market	\$220,384.12
1160 - Umpqua Bank Community Rehab	\$15,000.00
1200 - Assessments Receivable	\$441.00
1350 - Prepaid Insurance	\$2,568.58
1360 - Other Prepays	\$1,574.96
1375 - Due to / Due from	\$696.62
<u>Total Current Assets</u>	\$471,515.73
<i>Assets Total</i>	\$471,515.73
<b>Liabilities &amp; Equity</b>	
<u>Current Liabilities</u>	
2000 - Accounts Payable	\$4,703.30
2200 - Prepaid Assessments	\$12,922.81
2520 - Other Accrued Liabilities	\$6,726.22
2575 - Due to / Due from	\$696.62
<u>Total Current Liabilities</u>	\$25,048.95
<u>Long-Term Liabilities</u>	
2500 - Loan Payables	\$1,014,855.53
2900 - Reserves - Contract Liability	\$421,548.73
<u>Total Long-Term Liabilities</u>	\$1,436,404.26
<u>Retained Earnings</u>	(\$1,087,880.43)
<u>Net Income</u>	\$97,942.95
<i>Liabilities and Equity Total</i>	\$471,515.73

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## 1. Operating Fund

These are the operating funds to be used for operating expenses for the association per your annual operating budget.

## 2. Replacement Fund

These are your segregated reserve funds to be used only for reserve expense per your reserve study and/or maintenance plan for the association.

## 3. Special Assessment/Community Rehab

These are your segregated special assessment or construction rehab funds to be used only for rehab project expenses per your special assessment or community rehab resolution for the association.

# Budget Comparison Special Assessment/Construction Rehab

Sample Association  
 Budget Comparison Report by Cost Center - Special Assessment  
 6/1/2020 - 6/30/2020

6/1/2020 - 6/30/2020			1/1/2020 - 6/30/2020				
MTD Actual	MTD Budget	MTD Variance	Accounts	YTD Actual	YTD Budget	YTD Variance	Annual Budget
<b>Income</b>							
<u>Revenue</u>							
\$10,857.52	\$12,047.83	(\$1,190.31)	4125 - Special Assessment Income	\$105,928.44	\$72,286.98	\$33,641.46	\$144,574.00
\$0.27	\$0.00	\$0.27	4350 - Interest Income	\$1.10	\$0.00	\$1.10	\$0.00
\$10,857.79	\$12,047.83	(\$1,190.04)	<u>Total Revenue</u>	\$105,929.54	\$72,286.98	\$33,642.56	\$144,574.00
\$10,857.79	\$12,047.83	(\$1,190.04)	<b>Total Income</b>	\$105,929.54	\$72,286.98	\$33,642.56	\$144,574.00
<b>Expense</b>							
<u>Operating Expenses</u>							
\$20.00	\$0.00	(\$20.00)	7530 - Bank Fees	\$450.00	\$0.00	(\$450.00)	\$0.00
\$3,012.36	\$0.00	(\$3,012.36)	7680 - Loan Interest Expense	\$23,815.45	\$0.00	(\$23,815.45)	\$0.00
\$3,032.36	\$0.00	(\$3,032.36)	<u>Total Operating Expenses</u>	\$24,265.45	\$0.00	(\$24,265.45)	\$0.00
\$3,032.36	\$0.00	(\$3,032.36)	<b>Total Expense</b>	\$24,265.45	\$0.00	(\$24,265.45)	\$0.00
\$7,825.43	\$12,047.83	(\$4,222.40)	Special Assessment Net Income	\$81,664.09	\$72,286.98	\$9,377.11	\$144,574.00



Sample Association

6/30/2020  
Month Ending

Actions Needing Board Approval

\* Past owner balances that may need to be addressed by the Board. Some may be with attorney's, others need to be evaluated for possible bad debt or small balance write off's.

Name	Unit Address	Unit Number	Past Owner Balance
<b>Total</b>			

Due to Due From Reconciliation

Due to / Due from reconciliation:			
Date recorded	Description	Due To	Due From
6.30.20	CPA AJEs	Special Assessment	Operating
			Amount
			\$696.62
		<b>TOTAL BALANCE</b>	<b>\$696.62</b>

# Monthly Financial Report Recap

## Special Assessment

### Special Assessment Funds

SA Start Date: 1/1/2016  
Loan Start Date: 9/2017

SA End Date: Various 5, 10, 14 yr options  
Loan End Date: 12/2030

\$15,000.00	Prior Month Balance Sheet Balance	Last Amortization Date	5/1/2020
\$10,857.52	Total Cash Received	Monthly Principal & Int	\$9,983.85
\$0.08	Interest Earned	Loan Principal Balance	\$970,309.80
\$0.00	Current Receivables	Estimated Loan P&I Payments	\$856,891.10
(\$873.75)	Principal Paydown	Future SA Receivable	\$1,400,620.08
(\$6,415.41)	Principal Payment	Adjusted SA Cash	\$15,696.62
(\$3,548.44)	Interest Payment	<b>Estimated SA Surplus / (Shortfall)</b>	<b>\$559,425.60</b>
\$0.00	Prepaid SA Repairs	Current Montly Income:	\$10,857.52
(\$20.00)	Less Bank Fees	<b>Owner Statistics:</b>	
\$0.00	Due from Operating Account	Total Owners:	110
\$696.62	Due to Operating Account	Owners Paid in Full:	83
<b>\$15,696.62</b>	<b>Total Adjusted Special Assessment Funds</b>	Owners Delinquent:	0

In June, \$10,857.52 was charged to the owners for the Special Assessment. The association received \$10,857.52 of which \$9,983.77 was deposited to the Special Assessment account and the balance of \$873.75 was applied a principal paydown on the loan.



Thank you for  
attending  
HOA Budgeting  
&  
Financial Training



**AMS**  
CONDOMINIUMS  
HOMEOWNER ASSOCIATIONS  
DEVELOPER SERVICES

Association  
Management  
Services NW  
*A Division of TMG*