

WLLA FINANCE COMMITTEE: November Report

Members: Carol Gillen (chair), Rich Pachler, Lena Fullem, Mario Aieta, & John Schwenkler

November 2, 2019: Members in Attendance: Carol Gillen & Lena Fullem, with Mario Aieta by phone

- I. Barbara Silver's resignation from Finance Committee was received (with regret).
- II. September Bank Statements review: only Lena had opportunity to review & accept. Sent back to committee for additional oversight.
- III. ACTION ITEM: 2020 Budget - Propose budget revision dated 10-31-19 and assessments to BOD for adoption at the 11-16-19 BOD meeting
 - A. This revision reflects direction from the BOD at the October meeting – accumulated cash flows from prior years allocated to minimize pressure on Member, to maintain \$50 membership fee, then any remainder allocated to Road.
 - B. This revision was sent to BOD for additional review by email prior to the 11-16-19 meeting.
 - C. ACTION ITEM: BOD support is requested to urge ALL committees to take action to trim costs, including, in particular, assurances that competitive bids are being sought to ensure that we are operating as efficiently as possibly for our highest cost operations.

Road repair	\$75,666
Dam	\$27,150
Snow Plowing	\$26,534
Security	\$24,480
Beach & Grounds	\$22,977
Legal	\$19,750
Lake Consultants	\$16,800
Insurance	\$14,644
Payroll	\$14,000
- IV. Specific property owner issues were discussed. Committee direction sought on problems.
- V. Balance sheet discussion
 - A. Multiple documents discussed (page 3 of 2018 Zavada audit as compared to Quickbooks balance sheets as of 12-31-19 in accrual & cash and Retained Earnings reports ("all transactions" in both accrual & cash).
 - B. Mario notes that there is no account for "Building" (an anomaly to a normal balance sheet).
Post meeting, as per Mike Langdon at Zavada, "As far as a value for the building, most associations do no capitalize such items on their balance sheets. Generally, those items are turned over by the developer and, generally, cannot be sold by the Association."
- VI. ACTION ITEM: Need board authorization to pose Legal, Finance related questions to Attorney Stieh
 - A. Resale Certificates are not mandatory, may be waived by the buyer, cannot be billed post-closing. What then is our obligation to provide information related to the sale in the absence of

a Resale Package (ie: balance due, annual dues, capital improvement fee are all related to the buyer in a Resale Package)?

- B. HOAs have an automatic lien provision good for 3 years. How does this lien get recorded?
 - 1. Perhaps we should not take the next 26 to Judge Cooper because none of them have reached this aging? There are costs associated with seeking judgements. Is the automatic lien provision a better tool for these cases?
 - 2. Court judgement is enforceable against the individual; lien is enforceable against the title/property. Lien is effective at sale of the property.
- C. What is the next step on the 6 court judgements?

MEETING ADJOURNED. Next meeting, Saturday, December 7 at 10:00am

Post meeting follow up:

- 1. *John Schwenkler reviewed & accepted (via email 11-11-19) Sept bank statements.*
- 2. *ACTION ITEM: 2018 Audit from Zavada – Discussion (post to website?)*
 - A. *Cash vs. Accrual*
 - B. *Accounts Receivable – Collections efforts need improvement.*
 - C. *Planning for replacement – this is the Reserve Study that Planning is working on.*
- 3. *Wayne Bank has extended the maturity of the BELOC to 2-10-2020, and provided an opportunity to apply to refinance the BELOC, requesting tax returns and financial reports for 2016, 2017 & 2018. They continue to decline the request to modify the “Road Loan” payment citing the litigation.*
- 4. *The Vanguard account application was mailed certified, receipt requested 11-12-19.*
- 5. *Inquiry had been initiated with Wells Fargo in Milford relative to refinancing the LOC. Follow up meeting at Wells Fargo was held on Saturday, 11-9-19. Comparatively, our current rate is very good, and Wells Fargo cannot offer a real estate secured loan to a non-profit. Unsecured rates are much higher. In order to benefit from a lower, secured rate, we would need to offer equivalent CD or savings account as collateral, but even then, Wells Fargo cannot compete with our current rate.*
- 6. *An inquiry was initiated with Citizens Bank 11-9-19. The banker on duty that day needed to pass on the message, but echoed the same concern as Wells Fargo - that loan opportunities for non-profits are very limited. A follow up phone call has yet to be received as of 11-13-19.*
- 7. *ACTION ITEM: The workers compensation insurance self-audit was completed and mailed 11-7-19. We need to update the officers for the executive officer exclusion.*