

Finance Committee Meeting Minutes

Location: Charleston Pool Office

Date: Wednesday May 23, 2007

Time: 10:00 am – 12:00 noon

Attendees:

Ron Murphy (chairman)

Frank Ingrassia (communications)

Ron Weismehl (procedures)

Unable to attend:

Roy Sethna (accounting)

Cheryl Anderson (ad hoc)

Alasdair MacLauchlan (ad hoc)

DISCUSSION

April 2007 Review

The Finance Committee reviewed the Budget vs. Actuals through the month of April, and Ron Murphy noted several items of interest:

Overall, our Expenses are running \$33,600 *under Budget* through April, which is good news.

Legal Fees-General are running close to the budgeted amount. However, once this line is credited with the reimbursement of legal fees from a recent judgment against a homeowner we will be approximately \$3,670 under our budget.

Legal Fees-Water Issue were \$31,297 to date, close to our budgeted \$36,700, but we expect these to wind down in the next month or so, as the final settlement contracts are completed with Neal Communities.

Irrigation Repairs are \$9,593 to date, a tad under the budgeted \$10.7K, but note that these expenses are actually higher, as some further expenses may be funded from Capital Reserves to replace equipment.

The **Fountain Electric** is \$2,009 for the first 4 months of the year, running slightly over (by \$615) our budgeted amount. However, these costs are coming down as the fountain hours have been re-adjusted. The overall Electricity costs are running slightly under Budget to date.

The **Pool Heating** at \$25,084 is well over the budgeted \$12,265, but we have just been through the Winter months, and the same pattern held last year, where the Summer months saw a huge reduction in heating costs.

Coming up, we'll still have new expenses for the **Grounds Committees**, which have about \$25K of planned improvements earmarked, and ongoing expenses otherwise.

Working Capital

The Financial Committee was pleased to note that although we had a \$51,252 shortfall on paper entering into this year, we managed to get through the first four months without borrowing any money or by establishing and drawing on a Line of Credit, which had been anticipated. We did so by “borrowing” from ourselves (interest free) out of the Working Capital Account, which will need to be replenished over the course of the year, as the Revenue improves and some of our anticipated Expenses diminish (legal funds). By the end of the year, we anticipate having fully funded our Working Capital account, which will obviate any further need for borrowing next year.

Capital Replacement

The Capital Replacement account accumulation is on schedule thus far in 2007, and we should have amassed about \$38K in funds to be used for future capital improvements to the plant and facilities at year end.

Capital Replacement Study

We are in the middle of a capital replacement study which will define the capital assets of the HOA and determine the amount of funding required to eventually replace or refurbish those assets. This study should be completed by early July and will be the basis for re-allocating our existing reserve accounts (Working Capital and Capital Replacement).

Newsletter

The First Quarter Financial Summary article for the June (2Q07) University Place Newsletter was unanimously approved.

Corporate Tax Liability

Frank will follow up with our tax accountant and others to determine the extent of our corporate tax liability for the HOA, over and above the \$600 real estate taxes we were previously aware of.

The FC meeting adjourned at 12:00 noon.

Next Meeting

The next Finance Committee meeting is scheduled for **Wednesday, June 20th**, at **10:30 am** in the Charleston Pool office.