

Imperial Golf Estates Homeowners Association

Treasurer's Report

To The Board of Directors

September 12, 2024

Operating Results:

Our Year-To-Date unaudited operating results through August are positive. Operating Revenues are \$54,490 above budget (6.0%) and Operating Expenses are \$3,479 under budget (0.4%), resulting in a surplus of \$57,969.

On the revenue side six items (Sales/Transfer Fees, Interest, Fines, Owner Late Fees, Owner Legal Fees and Application Fees) in total exceed the total income surplus. At the same time on the expense side all expense groups continue to be below budget with the exception for the Grounds category which is \$4,993 over budget due to extensive repairs to the irrigation systems.

Delinquencies:

There are 25 homeowners with outstanding balances totaling \$28,882.96 due as of August 31, 2024. These range from \$0.03 to \$7,018.54. The distribution and statuses are below.

Aging Totals:	Current	30 - 59 Days	60 - 89 Days	>90 Days	Balance
	\$114.66	\$2,292.87	\$9,275.18	\$18,200.25	\$29,882.96
	At Attorney	Final Notice	1st Notice	BOD Review	
Category Totals:	\$ 18,911.97	\$ 1,978.33	\$ 1,271.34	\$ 7,721.32	
Category Count:	5	5	2	13	

Audit:

The audit has been finalized and our results for Fiscal Year 2023 were excellent. Our Operating Income was \$5,878 over budget and our Operating Expenses were \$115,951 under budget, resulting in a surplus of \$119,828. The major contributors to the expense results were the following under budget items: Bad Debt (\$2,000), Legal (\$10,754), Building Maintenance (\$3,600), Marsilea Shared Expense Recovery (\$30,317), Grounds Maintenance (\$42,178), and Utilities (20,865). Budgets will be adjusted for calendar year 2025 with the intent of having smaller variances. Having said that, once we have established the 2025 budget based on expected costs and income, we will be applying the 2023 surplus to the budgeted homeowner assessment to reduce the assessment.

1. "The Association should ensure that the due to/from (to the operating account) is paid back from the replacement fund as soon as possible. The bank account that is maintained by these funds should always equal the liabilities. The replacement fund account is over-funded by \$30,317."

This was essentially a timing issue in that the journal entry credit to 2023 expenses made it into the year-end financials and the journal entry for the reimbursement check written wasn't. In the future the journal entries will be made prior to the audit.

2. "The Association should ensure the Maintenance Fees per building matches the approved budgeted amount."

The issue is that there was minor variance in the homeowner assessment revenues in some months. Since they are fixed this shouldn't happen and the variances need to be placed in other general ledger accounts. We are working with Vesta to avoid future occurrences.

3. "The Association's cash balance exceeded the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association should consider transferring some of the funds to other financial institutions."

The banks in which our funds are held automatically transfer funds to unrelated banks when balances exceed the FDIC coverage limits. We are verifying with the banks that they are performing this service in a timely manner.

4. "The Association should ensure that a detailed list of current security deposits held is maintained and reviewed on a regular basis. Deposits should be kept in a separate non-interest bearing bank account, which should always equal the deposits schedule."

The Association feels that the low volume and relatively short duration of most activities requiring a security deposit does not justify a separate bank account for the deposits. At year-end there was only \$17,500 in security deposits (approximately fourteen applications). We do however need to ensure that it is clear on the activity applications that the security deposit is non-interest bearing.

5. “The Association should research why the outstanding deposit in the operating bank account from June 2023.”

This is an unusual situation that Vesta needs to identify, explain and take appropriate steps to resolve the matter.

6. “In 2021, Congress passed and the President signed the Corporate Treasury Transparency Act or CTA as part of the larger Anti-Money Laundering Act. Beginning on January 1, 2024 the Association will have to present certain information to FinCen (the Financial Crimes Information Network, which is part of the US Department of the Treasury). The Association will have until January 1, 2025 to submit the initial report. The Community Associations Institute is currently seeking exemption for community associations or, at a minimum, that the reports be confidential and not public records. The Association should consult with their attorney to determine how to best handle this filing.”

This matter had not been raised to the Board prior to the audit. We will be discussing with our attorneys what steps we need to take to meet the requirements of the Act.

Conrad Peacock, Treasurer