

## Avocet Financials Summary 2010 Year in Review

We know that our community has an active interest in keeping up-to-date on how their HOA fees are spent throughout the year. As such, the Avocet Board of Directors has put together the following recap of the financials for 2010.

**Revenue:** Our main source of revenue is property owner monthly HOA fees. For the year, these came to a total of \$131,661, including prepayment of future assessments. We also had a number of smaller sources of revenue (re-couped lawyer fees, collection of late fees, clubhouse rental, tennis fees, interest earned, etc). We still have net revenue for the year of \$122,950, which was approximately \$2000 above budget. Related to revenue, it should be noted that even with the difficult economy, Avocet homeowners did an excellent job of staying current with HOA fees for most of the year and the number of past due accounts has only increased by three since the beginning of the year. However, the total amount of balances past due has more than doubled for the year, meaning the few accounts that are past due have significant and growing balances. The BOD is diligently working with legal on these few accounts to recuperate these funds. Thank you to everyone for your ongoing diligence in ensuring that Avocet has the funds needed to make the investments necessary to keep our neighborhood a great place to live.

We have three major areas of operating expenses: General & Administrative, Recreation Area and Grounds Maintenance. Together, these areas incurred operating expenses of \$93,072 for the year, which is \$6,000 under budget. Our expenses were actually even less, as these numbers do not show the portion that was actually paid through the water credit (see previous quarterly summaries). There were significant emergency repairs at the beginning of 2010 and excess legal fees for the year, but through a focus on reducing discretionary spending, the BOD was able to come in below the budget, even with these unplanned expenses.

**General & Administrative:** G&A expenses for 2010 were \$33,010, which is \$4000 below budget. Looking back, our legal fees were above budget because some of our 2009 legal expenses hit in 2010. The newsletter also came in slightly above budget, but the BOD wanted to continue printing these in color despite a slight increase in copying costs. Our insurance fees were below budget this year, as well as our Misc. G&A expenses. The BOD has made a conscious effort to code expenses to actual categories and not just "Misc." so homeowners have a clearer idea of where funds were spent.

**Recreation Area:** Recreation area expenses totaled \$40,068 for 2010, which is right at budget. At the beginning of the year we had some emergency repairs to the clubhouse, but the BOD pulled back other expenditures to ensure we were able to stay within budget for the year. It is in this area that it looks like we paid more in water expenses than budgeted, but again a portion of that was actually "paid" using a water credit. Also, because of the changes in the county waste pickup, the HOA now has a small monthly fee for the waste pick-up service. The largest areas that came in under budget was pool supplies and tennis supplies.

**Grounds Maintenance:** Grounds maintenance expenses were \$19,994 for the year, which is approximately \$2,000 under budget. All of the areas, including landscaping and seasonal color, were all slightly below budget.

**Capital Reserves:** Your board of directors set a goal to spend conservatively on both capital improvement projects and ongoing operating expenses in 2010 to allow replenishment of the capital reserves fund. The BOD reached the goal of ending the year with a capital reserves balance of almost \$65,000, and having an additional \$35,802 in operating cash. We began 2010 with \$50,000 in reserves and we have transferred a total of \$14,000 from our operating budget to reach this goal. Even with this focus on replenishing our capital reserves, the BOD was still able to complete a number of capital projects in addition to rebuilding our reserve fund. The capital projects completed in 2010 were: 1) clubhouse roof repair (Q1), 2) repairing the lights/power at the tennis courts (Q2), 3) upgraded our irrigation system (Q2), 4) power washed and stained the pool fence (Q2), 5) put in a drainage system around the upper tennis court (Q2 & Q3), 6) repaired the detention pond (Q2 & Q3) and 7) repaired both the upper and lower pavilions (Q3 & Q4). A total of \$20,782 was spent, which was right at the budget of \$21,000 set aside for capital expenses.

You can view the financials at our web site: <http://www.avocet-hoa.org/bod/financial.htm>. If you have any questions, please feel free to contact the Board of Directors at [bod@avocet-hoa.org](mailto:bod@avocet-hoa.org).