

Avocet Financials Summary 2011- Q2

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 Q2 of 2011.

The BOD hit our financial goals for Q2 of 2011. Our main source of revenue was the property owner HOA fees. To date, we have received slightly more income than what the BOD budgeted. Overall the number of past due accounts is at the lowest level of the year, but the number of high balance accounts is at the highest level of the year. Basically, a very small number of accounts make up virtually the entire past due balance. The BOD is actively working with these homeowners and legal to ensure these accounts get up to date. Our net income through Q2 of 2011 is \$62,534.

We have three major areas of operating expenses: General & Administrative, Recreation Area and Grounds Maintenance. The General & Administrative and Recreational area expenses are both slightly below target through Q2. Our Grounds Maintenance expenses are well below the targeted amounts. These are expected, as some of our operating costs are lower early in the year and rise during the summer months, such as for pool maintenance. To date, we have spent \$18,981 in general expenses, \$19,478 in recreational areas, and \$7,756 in grounds maintenance.

In addition to the regular ongoing operating expenses for the common areas of the community, the BOD also sets aside funds each year to invest in capital improvement projects that help maintain and enhance the common areas of the community. For 2011, the BOD has set aside \$20,000 to completely renovate the clubhouse and improve our entry landscaping. To date, \$17,936 has been spent for capital improvements, with the bulk going towards the clubhouse renovation.

During Q1 and Q2, the clubhouse was renovated to enhance our community's amenities. The largest investment in the clubhouse was to replace the carpeting and rubber bathroom floors with tile. We budgeted \$8,400, but were able to get this completed for \$7,773, although subsequent to Q2 another \$463 was invested to stabilize a seam between two slabs of cement. Additional investments were made for new clubhouse furnishings, including new couches, tables, chairs, installation of fans, new kitchen appliances, and refinishing the kitchen cabinets for a total of \$7,075. This was \$2,075 above budget due to the late decision to refinish the cabinets, but we believe this was a wise investment to make at the same time as all of the other upgrades. The clubhouse renovation was completed by replacing the gutters (\$1,150), repainting the main clubhouse area and adding new blinds and art work. Overall we are very pleased with the results of this renovation and believe we now have a clubhouse that the community can use with pride.

In addition to the clubhouse upgrades, in Q1 the fence that runs along the street to the clubhouse was pressure washed and painted (\$1,078). Also in Q2, the BOD had a fence installed behind the lower tennis courts to help deter foot traffic going in and out of the subdivision in that area.

The BOD had budgeted \$5000 in capital spending in 2011 to enhance the landscaping at the entrance to the subdivision. However, with the \$1400 overage on the clubhouse renovation and the unplanned addition of the two fence projects above, there is less than \$2000 remaining in the capital projects budget for 2011. Since the landscaping project was to move forward in the fall once the weather cooled, the current BOD will recommend to the next BOD (after elections at the annual meeting in September) to use these remaining funds to do part of the project and then complete it in 2012.