

## SEHOA Treasurer's Report for 2018

Somerset Estates Homeowners Association (SEHOA) was incorporated as separate from Somerset Homeowners Association (SHOA) on March 30, 2018. Assessments from the 89 homeowners in Somerset Estates for the first half of 2018 were collected by SHOA, and SEHOA began collecting assessments directly on July 1, 2018. The Executive Board approved a partial year budget for 2018 on September 11, 2018. This was a cash-basis budget for income and expenses flowing into and out of the newly established SEHOA bank account. As such, the budget included income expected to be generated the second half of 2018, and expenses to be paid directly by SEHOA (insurance, legal, etc.). The budget did not assume that an agreement would be reached in 2018 to allocate the commingled financial assets held by SHOA, so expenses paid by SHOA on SEHOA's behalf were assumed to be offset by operating cash held by SHOA, and not pass through SEHOA's bank account. Through the hard work and cooperation of the two HOA boards, we were pleased to report that SEHOA and SHOA made a formal agreement in October to divide financial assets and allocate expenses through 2018, and that SHOA transferred \$79,101 to SEHOA to account for all financial assets as well as expenses paid by SHOA on SEHOA's behalf through September 2018.

Because of the unique transition nature of finances in 2018, the 2018 financial results summarized below aren't helpful to project future annual income or expenses, but will give homeowners a good idea of the financial position of SEHOA entering its first full year of separate operation. The key points are:

1. SEHOA started with no cash and now has \$116,674 in operating and reserves accounts.
2. SEHOA has fully settled the financial assets with SHOA, including its share of reserves previously held by SHOA (excluding a claim to the water legal defense fund).
3. In 2018, homeowners paid in advance \$14,900 of assessments for 2019, so SEHOA's receipts in 2019 for assessments will be reduced accordingly.
4. In addition to prepaid assessments, 2018 income exceeded the budgeted amount because of the transfer of financial assets from SHOA.
5. On the expenses side, the amount paid to SHOA was considerably less than budgeted because expenses through September were accounted for in the settlement with SHOA. SEHOA paid SHOA \$19,355 for expenses in October and November. Expenses owed for December are pending.
6. Other expenses paid directly by SEHOA were in keeping with the budgeted amounts, with the exceptions that we paid more for insurance to increase our liability coverage by \$10 million, and we postponed a water engineering infrastructure feasibility study that was projected to cost \$10,000.

As always, we welcome comments and questions from homeowners ([paula@somersetestates-hoa.com](mailto:paula@somersetestates-hoa.com)).



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Paula Hemenway, Treasurer  
January 8, 2019

## Balance Sheet as of December 31, 2018

Total Assets	As of 12/31/2018
<u>Cash</u>	
Bank of the West - Bank Balance	\$ 38,915
Less: Checks in transit	\$ (22,274)
Bank of the West - Book Balance	\$ 16,641
Capital One - Reserves Account	\$ 100,033
Total Cash	\$ 116,674
<b>Total Assets</b>	<b>\$ 116,674</b>
<b>Total Liabilities and Capital</b>	
Liabilities	\$ -
<u>Capital</u>	
Net Income	\$ 116,674
Total Capital	\$ 116,674
<b>Total Liabilities and Capital</b>	<b>\$ 116,674</b>

## Income Statement for April to December, 2018

	Approved Budget	YTD (12/31/18)
<b>INCOME</b>		
Starting deposit	\$ 100	\$ 100
Q3 & Q4 Assessments	\$ 50,850	\$ 55,576
Past due assessments	\$ 325	\$ 1,325
Late Fees	\$ 75	\$ 500
Prepaid to SEHOA for 2019	\$ 7,500	\$ 14,900
Member Service Reimbursement	\$ 155	\$ 155
Transfer Fee Income	\$ -	\$ 1,000
SHOA transfer - Legal fees	\$ 6,965	\$ 6,965
SHOA transfer - operating expenses	\$ 73,474	\$ 79,101
Interest	\$ -	\$ 33
<b>Total Income</b>	<b>\$ 139,444</b>	<b>\$ 159,655</b>
<b>EXPENSES</b>		
<b>Administrative</b>		
Accounting	\$ -	\$ -
Bank & Filing Fees	\$ 183	\$ 183
Insurance	\$ 2,535	\$ 4,882
Legal		
- General	\$ 15,000	\$ 11,375
- Water	\$ 7,600	\$ 6,480
Meeting Expense	\$ 300	\$ 45
Misc. Admin and Fees	\$ 175	\$ -
Printing and Reproduction	\$ 200	\$ 82
Seasonal Decorations	\$ -	\$ 579
Website Hosting & Domain	\$ 500	\$ -
Water Engineering	\$ 10,000	\$ -
<b>Services provided by SHOA for 2H 2018</b>	<b>\$ 73,474</b>	<b>\$ 19,355</b>
<b>Total Expenses</b>	<b>\$ 109,967</b>	<b>\$ 42,981</b>
<b>Net Income</b>	<b>\$ 29,477</b>	<b>\$ 116,674</b>