

The Oceanage Association, Inc.
Finance Committee Meeting
March 15, 2024
Meeting Minutes

Attendance:

Committee Members Present:

Michael Crowley (272) – Chair
David Burka (186/187)
Jody Dreyfuss (107/108)
Ed Paneque (164)
John Pietrzak (111)
Luis Sanchez (190)

Committee Members Not Present:

Marko Askic (212)

Auditor Present:

Marilyn Campbell

Property Manager Present:

Sean Arena

Agenda:

- 1) 2023 Audited Financial Statements
- 2) February 2024 Financial Statements

Discussion:

1) 2023 Audited Financial Statements:

a. Discussion of the Adjusted Trial Balance:

- i. Adjusting Journal Entry (AJE) 6 is a year-end entry recording of the annual depreciation of our fixed assets.
- ii. AJE 7 is a required year-end journal entry to record the asset value and remaining lease liability for the Association's leases of office and maintenance equipment and is primarily a balance sheet entry.
- iii. Marilyn Campbell explained that AJE 5 debiting Prepaid Insurance and crediting Insurance expense for \$71,978.45 adjusts the prepaid insurance balance to agree with the remaining unamortized balance. The adjustment is required to account for the premium credit that the Association received from the insurance carrier earlier in 2023 related to the certification of our roofs for insurance requirements.
- iv. Marilyn explained that AJE 3 crediting Prepaid Expense for \$4,900 is a write-off to correct a deposit from 2021.
- v. Mike explained that AJE 4 crediting Accrued Leave Liability and Payroll expense for \$5,951.99 records vacation pay earned in 2023 and paid in January 2024.

2) Discussion of the Audited Financial Statements:

- a. Marilyn noted that a \$1,000 disbursement related to the mangrove special assessment was charged against the pooled reserve. It was requested that this payment be reclassified from the Pooled Reserve to the Deferred Special Assessment account. Marilyn agreed to make the adjustment.
- b. Marilyn explained how NOTE A Contract Liabilities agrees with the balance sheet.
- c. The \$65,924 installment payment referenced in NOTE E was questioned in that it does not agree with the \$70,121 monthly expense being recorded in the general ledger in 2023. Marilyn explained that the \$70,121 is a journal entry and not the actual payment. The actual payment of \$65,924 agrees with the monthly invoices as well as the calculation of the remaining payments due during 2024.
- d. A discussion ensued related to the verbiage in NOTE H Concentration of Credit Risk. The statement that the Association has approximately \$524,000 invested in a money market fund which is not covered by FDIC insurance may be misleading to the uninformed reader. Since the fund is backed by US Treasury securities, it was requested that the wording be revised to describe the actual investment (i.e. the Association has approximately \$524,000 invested in a money market mutual fund invested in short-term US Government Securities). Marilyn agreed to make the revision.
- e. Marilyn stated that although the audit report still needs to be reviewed by Chuck Krblich, she is confident that there will be no adjustments to the financial statements discussed. She also stated that Chuck will review the report over the weekend.

3) February 2024 Financial Statements:

- a. Assessments Receivable with a balance of \$1,977 relates to several owners who erroneously paid the prior year's assessment amount for the 1st quarter of 2024 and is not a concern.
- b. BOD expense of \$4,065.76 relates primarily to the cost of the caterer for the March annual meeting. It appears that the cost of the caterer was budgeted and should be reclassified to Administrative Expense.
- c. Administrative payroll is unfavorable to the budget by \$546 due to additional time required of Lucinda related to preparations for the annual meeting.
- d. Overtime is unfavorable to budget due to additional time required of Winsor for painting.
- e. Water and sewer is favorable to budget by \$5,736 primarily related to the reimbursement from Unit 206 for a prior month's excess use of water.
- f. Unbudgeted 50-year certification expense of \$30,150 relates to the completion of the 50-year certification remediation with the exception of work to be performed on Units 112/212 in April.
- g. The 1st quarter 2024 funding of the Reserve cash account occurred on March 1st rather than during February as originally anticipated.

4) To-do:

- a. Marilyn Campbell to revise and reissue the 2023 audit report based on requested changes

- b. Due to the adjustment in 1.a.iii. the monthly amortization in 2024 needs to be revised, so that this amount reduces to zero by the maturity date of our current policy.
- c. Mike to request Jane Krblich to adjust the February 2024 financial statements to reclassify the cost of the caterer for the annual meeting from BOD Expense to Administrative Expense.
- d. Upon the finalization of the 2023 audited financial statements, Jane Krblich to record the December 2023 adjusting journal entries reflecting changes in the January and February 2024 financial statements.