

Financial Questions from Larry Crabtree
Answers for May 8 Board Meeting
Given by Judy Everett, Interim President/Treasurer

- **How much did the Association recover in legal expenses in Budget year 2019 and 2020?**
 - I took over as Treasurer in April 2020. In 2019 when I came on the Board there were three lawsuits in progress and 2 more cases were filed in 2020:
 - CDCA vs Tammy Pickering – filed in 2018 by CDCA Closed in Oct. 2020 no settlement
 - CDCA vs Hwang – Case 423-6723 – still in progress
 - Hohnberger vs CDCA – Case 423-5688 Opened in 2018 Closed in April 2021 Handled by Insurance lawyers – no details yet about settlement
 - CDCA vs Amable – Case 423-7167 – Opened in March 2020 – still in progress
 - Amable vs Individual Board members and ACC Members – Case 1699-21 Opened in Jan. 2021 and dismissed on April 20, 2021 – Lawyers fees and sanctions still to be filed – Handled by insurance lawyers
 - So no legal expenses have been recovered so far as I know in 2019 and 2020.
- **How much of the Legal expenses were related to lawsuits initiated by the Association?**
 - In 2019 I do not have the breakdown of legal invoices to separate out governance advice, election coverage, cease and desist letters from actual lawsuits. Total legal fees in 2019 were \$44,729.50 from 4 different law firms.
 - In 2020 over \$69,000 so far was spent on Case 423-7167 and \$1,519.5 on other lawsuits.
- **How much of the Legal expenses were related to lawsuits initiated by property owners?**
 - Do not have figures for 2019 but in 2020 \$132.50 on Case 423-5688.
 - These cases are handled by our Insurance company with our own lawyer listed as a contact. No expenses for Case 1699-21 have been spent.
- **What are the balance of the Legal expenses from?**
 - Bylaws amendments
 - Overall governance questions
 - Election handling
 - Cease and Desist letters
- **Where do I find the Annual Audit called for in the By-Laws (Section 8.6(D))?**
 - Actually the bylaws say "...shall prepare an annual audit or review by a third-party accountant..."
 - Our Accountant does not recommend a formal audit for a non-profit such as ours since that would be very costly. Instead, they do an Agreed Upon Procedure which I am reporting on today as it was completed in March. They pull a percentage of checks and debits and verify receipts, approvals and canceled checks.
- **Is there an "End-Of-Year", 'closing of the books' report showing budgeted revenues and expenses compared to actual revenues and expenses and/or a report on assets and liabilities?**
 - 4 reports will be presented next week at the Annual meeting – End of Year Budget Report showing Actuals, Expecteds and variances; Profit & Loss Statement; Total Assets; 2021 Budget
- **Can columns be added to the Annual Budget document showing the previous Budget Year's budgeted and actual amounts?**
 - You can find a copy of the 2019 and 2020 end of Year Budget on Payhoa

- This was my first year at creating the Budget for 2021 and I added more categories for more transparency so putting last year's budget and this year's budget together in the same report would not be appropriate nor would they fit together.
- **Can columns be added to the monthly Budget Report showing: the % (spent / received) for each line item?**
 - The amount received is reported by the source of that income such as 2021 dues, resale certificates, improvement applications, etc. not related to an expense item. So this would not be possible.
 - Also, I am a volunteer not a CPA so more technical reporting is hard to ask of a volunteer.
- **Who is authorized to spend funds or to commit funds? Are they bonded?**
 - The Board approves the Yearly budget in December of each year. Any addition made to the Budget during the year has to be approved by the Board if it exceeds 10% of the Total Budget.
 - The President can approve a purchase of \$2000 or less without the Board approval. This would only happen if the expense did not fit within a specific Budget item. For example we purchased a PA system last year for \$230. It was put under Misc. Another example would be the HOA Leader membership for \$120 also put under Misc. Usually the checks written that end up under misc are refunds to property owners who have over paid and there is no budget item for that. I would say that all decisions to purchase are discussed by the board but no motion to purchase needs to be made if the amount of the purchase is under \$2000.
 - In March, 2020 we added an Expanded coverage under the Directors & Officers Liability Insurance. Under that policy, the Insured person "means any former, present or future director, officer, trustee, employee or volunteer of the "association"."
- **Is any background check performed before employees are hired or volunteers appointed?**
 - I was not on the Board when Lana was interviewed for her job. Her career was in law enforcement, so no background check was given. This would certainly be part of our interview procedure if we need to hire anyone while I am on the Board. Not sure what volunteers would need a background check. Unless you mean everyone that runs for the Board?? That is not currently done.
- **Are there specific definitions that define the items that would be included in the line items of the budget?**
 - None that are written down. Most of the budget items are very specific and include only one type of expenses i.e. payroll, office phone, common area- maintenance. Any expense that does not fall within a budget item goes into Miscellaneous with explanations saved with the transaction item in Payhoa.