

**Finance Committee Meeting Notes
August 17, 2011**

Present:

Betty Latson, Committee Chair

Dave Beck

Judy Barnes

Barbara Grodzins

Frances Andrews

Rich Vicens, property manager

Mike Schall, auditor from Picker and Associates

The meeting commenced at 6:40pm

Agenda Review

1. 2010 Audit Review

2. Further Discussion of Kilmer Direct Charge

1. 2010 Audit

Betty introduced Mike Schall, the Association's auditor. Mike proceeded to go through the 2010 draft audit. He noted that this was a clean audit including all significant events through July 28, 2011.

With regard to the reserves, Betty suggested distinguishing the direct charge reserve funds from the general reserve funds in the audit to accurately reflect the current reserve fund status. The committee agreed and, Mike indicated he would make that change in both the income statement and balance sheet.

Mike noted that there was an increase in accounts receivable. It was noted that there should be future discussion as to whether there should be an increase to the allowance for doubtful accounts and write off of receivables.

Discussion turned to the garage. Mike noted that he had increased garage income to more accurately reflect revenue that had not been recorded due to some Standard Parking accounting practices. He indicated that with this change the garage statements should be brought current

Mike then discussed the Association's liabilities. He noted that the Association's liabilities had increased significantly primarily due to significant retainage amounts for the various projects as well as the deferred direct charge revenue (reflects the proceeds from the direct charge revenue that had not been used yet for payment of window or concrete work related to unit owner limited common element capital expenditures.

Mike noted that there was increased positive income in most revenue categories including the garage.

With regard to the footnotes, minor changes were made to Footnotes 5 and 6. Betty suggested to Mike that the section labeled future capital projects reflect the 2005 reserve study results rather than the results of the draft 2010 reserve study. She noted that the 2010 study had not been finalized and needed additional work because of the complication of limited common elements. Mike agreed to make that change back to the 2005 reserve study.

2. Kilmer Direct Charge

It was suggested that a default fund needed to be created for those Kilmer owners who may need some Association financing. This was also done with the James direct charge. There was some discussion of the amount of the default fund, but no conclusions were reached. There was some discussion as to how the James default fund was created and who contributed. Betty agreed to look back at her records.

Betty noted that the proposed direct charge had been refined once again with the addition of some work to the east terrace

walls. Betty agreed to draft a letter to the Kilmer owners giving them the current estimate of the direct charge, emphasizing that the figure was an estimate and may fluctuate some. It was also suggested that the letter include a survey to determine how many of the Kilmer owners would need financing or could pay their entire charge up front.

The next finance Committee meeting will be on August 29, 2011. The topic will be a review of the 30-year cash flow projections.

The meeting was adjourned at 9:00