

Treasurer's Report
Harbour Towne Executive Board Meeting
June 6, 2009

1. Balance Sheet (As of May 29, 2009):

Checking (Bank Star One)	\$ 26,609.82
Golden Passbook (Bank Star One)	\$115,925.38
Money Market @ CBOLO (Breakwater)	\$ 23,893.78
CD #4623 (Great Southern)	\$ 44,984.73
CD #4631 (Great Southern)	<u>\$ 44,951.12*</u>
Total Funds	\$256,364.83

* CD matured on June 3, 2009

BOARD ACTION REQUIRED:

Need to decide what to do with the funds from CD #4631:

Recommendation – Transfer funds to a six-month (26 week) CDARS CD account at Great Southern at 2.22% APY.

Accounts Receivable:

As of May 29, 2009, our Accounts Receivable total is \$42,963.15 (see Open Invoices discussion regarding discrepancy with Accounts Receivable amount). Of this amount, \$22,556.49 is for the Breakwater assessments.

Fixed Assets:

Per previous discussions, the Board opted to treat the Breakwater like the docks and not include them as an asset of the Association. Nichols Management staff need to work with Evers & Co. to make the necessary changes to remove the Breakwater from Fixed Assets.

Long-Term Liabilities:

There is an outstanding balance on the breakwater loan of \$310,753.86 and there is \$23,893.78 in the Breakwater Money Market account. There's also an additional \$12,884.69 that needs to be transferred from the checking account to the Breakwater Money Market due to owners paying their assessments with one check instead of two. This represents \$36,778.47 that is earning approximately 0.5% interest, while the Breakwater loan is accruing interest at a rate of 3.25%. The Breakwater loan doesn't have any pre-payment penalties, so Nichols Management

staff need to make payments on the loan rather than allowing the funds to accumulate in the Money Market & checking accounts.

2. Profit & Loss Budget vs. Actual (As of June 4, 2009):

Total Income – No income from both of the insurance claims is reflected in the income accounts, yet there's \$36,840.23 in expenses charged against Account #820 – Insurance Claims & Expenses.

Pool Supplies Acct. #81431: Already used 70.4% of budget amount due to vacuum relief and other safety equipment that had to be added to both pools this year to comply with new state laws.

Materials & Supplies – Other Acct. #8143: The \$101.22 charged to this account needs to be recoded to the appropriate sub-account.

Repairs & Maintenance – Other Acct. #815: The \$58,454.00 charged to this account isn't totally accurate. This amount reflects a \$12,200.00 check for replacement of dock anchors that was mistakenly coded against this account earlier this week. Also, it includes \$4,981.90 for removal and replacement of garage siding that was covered by insurance. Finally, it includes \$14,434.50 for sealing the parking lots, but the contractor has only been paid \$7,217.25 (50% down) so far. (See "Transaction Detail by Account" report.)

Landscaping Acct. #816: We've used 69.4% of the budgeted amount for this account. The bid from Colt Tree Service for removal of trees will use up the remainder of this account. Loganbills' used 30% more mulch this year than in 2007. I've asked Nichols Management for an explanation for this overage. (See "Transaction Detail by Account" report)

Insurance Claims & Expenses Acct. #820: The \$36,840.23 charged to this account doesn't represent all of the expenses incurred with the two insurance claims. Some of the expenses are being captured in other accounts, but not all of the costs are being captured. As discussed earlier, the income (settlement) from our insurance company isn't being captured in our income accounts.

Management Fees Acct. #823: The year-to-date percentage for this account should be 50% rather than 52.1%. Last quarter the percentage was 25%, which was correct. So something has happened with the coding in this past quarter.

Legal & Accounting Acct. #826: The \$790.00 charged to this account does not include the attorney fees associated with the lawsuit against an owner for unpaid assessments that was recently settled. Nichols

Management staff need to charge those legal expenses back to this account.

General Operations Expense – Other Acct. #810: The \$6.95 charged to this account needs to be recoded to the appropriate sub-account.

Garage Management Acct. #831: See discussion regarding Acct. #823. Percentage for year-to-date should be 50%, not 41.7%.

Boat Dock Management Acct. #844: See discussion regarding Acct. #823. Percentage for year-to-date should be 50%, not 41.7%.

Boat Dock Repairs & Maintenance Acct. #846: The \$25,759.60 charged to this account includes approximately \$7,469.42 related to storm damage that was covered by insurance. Also, the \$12,200.00 charged to Acct. #815 for anchor cable replacements should have been charged to this account. (See “Transaction Detail by Account” report)

3. Open Invoices (Accounts Receivable) Report (As of May 29, 2009):

As of May 29, 2009, there are ten (10) units that are one or more quarters in arrears on their assessments. They breakout as follows:

- 1-Quarter: 4 Units
- 2-Quarters: 2 Units
- 3-Quarters: 2 Units
- 4-Quarters: 1 Unit
- 5-Quarters: 1 Unit

Liens have been filed against the six (6) units that are two (2) or more quarters in arrears. Last quarter there were sixteen (16) units that were in arrears, so things are improving.

Issues with Open Invoices Report:

- Invoice(s) reflecting balance owed or quarterly payment amount for Breakwater assessment is missing from the accounts of three owners. I believe this resulted in our Accounts Receivable being lower than they really are.
- Nichols Mangement failed to apply a finance charge to one account on 3/15/09.
- Issue with Invoice #13871 (Is this a partial payment?)
- An owner was billed \$50 for chimney cleaning. Per the owner, the chimney wasn't used after it was cleaned the previous time. They contacted Nichols Mangement for an explanation. Nichols didn't get back with the owner and have since applied a \$2.56 finance charge to their account. Need to adjust their account?

4. 2008 Audit:

Evers & Co. are scheduled to complete their fieldwork for our 2008 audit on June 22, 2009.

5. Resignation:

Harbour Towne owners & members of the Executive Board:

For the past 9 and half years I've served as the Treasurer of the Harbour Towne Executive Board. During that time, I've put in countless hours looking after the financial affairs of this association. Many of you have expressed your gratitude for my efforts and I will always be grateful for your support.

Unfortunately, the position of Treasurer has grown into something that's becoming more and more unmanageable with each passing month. Recent incidents involving Nichols Management and the new Fannie Mae & Freddie Mac lending requirements have forced me to take a long hard look at what is best for me personally. Therefore, I am resigning from the Harbour Towne Executive Board effective June 30, 2009.

Although this is a decision that I gave much thought and prayer to, I continue to struggle with thoughts that I'm making the wrong decision. Again, thank you for your support over the past 9 and half years.

Respectfully submitted,

Darrell A. Barber, Treasurer
Harbour Towne Executive Board