

Budget Sense

Serving Homeowners Associations, Condominiums and Cooperatives Since 1974

www.GGroupCPAs.com

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How Stable is Your Budget?

Healthy finances are critical to the sound operation of a community association. A healthy financial report card is measured by an adequate replacement reserve, control over delinquencies, necessary and adequate excess operating funds, and the ability to meet cash flow needs on a monthly basis. The ability to accomplish these goals requires planning, approving, and implementing the annual budget.

The Budget Document

The annual budget is probably the single most important recurring document that an association produces. The budget is the basis for determining the assessment fees and serves as an indicator of the board's intentions concerning property and financial matters. Because the budget is often the only formal communication to association members during the year, it

should be informative, clear, and concise. It should contain a narrative supporting the individual line items and a detailed schedule of replacement reserves. Once finished, the budget should be approved and documented in the minutes of the Board of Directors' meeting.

Budgeting Tips

Visit us at www.GGroupCPAs.com or email cpas@ggroupcpas.com for a free copy of our Budgeting Tips article filled with valuable information and guidance to assist you in the development of your next budget.

TOPICS WE COVER IN OUR BUDGETING TIPS ARTICLE

- Allowance for Bad Debts
- Income and Other Taxes
- Fee Targeting
- Making Up Prior Year Deficits
- Fidelity Bond Insurance - Crime Coverage
- Special Projects
- Association Borrowing
- Form 990-Tax-Exempt Associations
- Insurance - General
- Excess Operating Funds
- Replacement Reserves
- Utilities
- 3-5 Year Operating Budget
- Snow Removal Costs
- Other Income

The New Auditor's Report

Clarity Project - Simplification and Standardization

The form and content of the auditor's report will change starting with December 31, 2012 year-end audits. The changes were made as a part of the Auditing Standards Board's Clarity Project. The purpose of the change is to make the responsibilities of management (or the Association) and the auditors more clear to the reader of the financial statements. As part of the Clarity Project, several auditing standards were also changed, which will affect the way we plan and conduct the audit. For more information about the Clarity Project, please visit www.aicpa.org/SASClarity.





Choosing the Right Bank – *do you know their Safe and Sound rating?*

When you are responsible for managing the money of other people, you are entrusted with more than just the earning potential of that money. The word “management” by definition encompasses handling, direction, and control. Choosing the right institution to aid you in this undertaking is crucial. When selecting a bank to deposit your association’s funds in, research more than just their interest rates.

Review the prospective banks Safe and Sound® rating at www.bankrate.com to assess the strength and stability of federally insured banks. While this is a good tool, it should not be the only resource you utilize.

Contact the potential bank and ask them the following questions:

- Will the Association’s funds be insured by the FDIC or SIPC ?
- What can they provide you in terms of interest rates and liquidity?
- Request and review a detailed

fee schedule. Fees can sometimes be hidden in the small print of account agreements; however, you want to be aware of these potential charges.

- Ask how often statements will be sent. Keep in mind that these are needed for accurate and timely financial statement preparation.

These are just some of the factors that should go into the decision of money placement. Choose wisely because the members of your association are relying on you to manage their funds appropriately.

Congratulations to Our Employees Who Recently Obtained their CPA License

Stephanie Thiere, CPA
Jennifer Murray, CPA
Sammi Chen, CPA



We Welcome...

Accounting
David Kim
Lauren Pflugrath
Samir Said
Jessie Wu

Administrative
Jamie Armezzani
Cara Capobianco
Joyce Wilcek