



The Elite Insider

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January 3– Public Hearing— Legislative Action Committee

The legislature is back with the recent creation of a new House Select Committee on Homeowners Associations. It is a bit early to tell where the committee may go, in terms of legislative offerings, but it appears that some of the same issues will be coming back.

On January 3rd the committee will hold a public hearing in Raleigh. We need to get HOA supporters (particularly board members and homeowners) out to tell their side of the story.

The main issues that people need to speak to are:

- The effect of nonpayment of assessments and the consequential burden placed upon all of the other paying owners
- The importance of the foreclosure tool to homeowners associations to keep our communities finan-

cially sound.

- The administrative burden that legislation creates for our all-volunteer boards which do not have the resources to comply with complicated or vague legislation
- Our agreement that transparency in homeowners association governance is important, but that the legislation must be carefully crafted to assure easy compliance by volunteer boards.
- The value of manager licensing, which will provide meaningful consumer protection by assuring that incompetent managers are not allowed to continue to "serve" homeowners associations.

In general, the committee needs to review both the "Condominium Act" (NCGS 47C) and the "Planned Community Act" (NCGS 47F), as well as the "Non-Profit Cor-

poration Act (NCGS 55A), provide many safeguards for the members of homeowners associations.

The time is short and we need as many people who are willing to speak to one or more of these issues, especially non-payment of assessments, foreclosure and administrative burden to participate in this very important public hearing.

Anyone interesting in speaking should forward their contact information (name, phone number, email address and role in homeowners associations) to John Lawton, Chair of the LAC at John.Lawton@bellsouth.net and to Henry Jones, the lobbyist at hjones@jordanprice.com.

They will make sure your name(s) are included on the agenda for the public hearing. Thanks for your prompt attention to this important hearing.

Thank You for Your Generosity

We want to thank you for helping us to make this the biggest year yet for collecting food for the NC Food Bank and for the donations received for the Soldier Packages.

We exceeded last years donations to the food bank by collecting 876 lbs of food this year. We want to give a special thank you to all owners at

Olde Raleigh Townhomes. The Board announced the effort to collect food to the community and they collected a garage full of food to help with our efforts to the Food Bank of North Carolina.

We were also able to send 27 care packages to our military overseas. These packages had food, gifts and handwritten

cards for our soldiers. We thank all of our board members and vendors that support our efforts to try to make a difference again this year to those in need and to those that do so much for us and our country.

We hope each of you have had a wonderful Holiday Season and we want you to know how much we appreciate the opportunity to work with you.

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Understanding Your Association's Financial Statements

By Tiffany Wilson- Accounting Manager



Your homeowners association, like any business, generates monthly financial statements to account for the financial operations of the association. The basic reports produced are the balance sheet and the income statement.

The Balance Sheet is a report showing the financial position of the association at a specific date. This report lists the assets, the liabilities and fund balances.

An association's assets are primarily cash collected from homeowner assessments. The operating account is liquid funds to be used for operating expenses. This balance should be adequate to cover operating expenses and small unexpected expenses, with a realistic expectation of uncollectable dues. The reserve accounts are funds designated for specific replacement expenditures. A reserve study should be conducted to determine replacement/repairs to be done in the future and the amount of money that needs to be put in reserves each year to cover these future expenses. The budget should reflect the

reserve transfers that are needed and the reserve accounts should be funded per the budget. These reserve funds should be kept in a separate account from operating funds.

The liabilities of an association are next on the balance sheet. This would include anything owed by the association, including outstanding bank loans and prepaid dues. Prepaid dues are a liability because they represent future services owed to homeowners who have paid their dues in advance.

The last item on the balance sheet is the equity of the association. The Capital Reserve account is the equity of the reserve accounts. Retained Earnings is the total net income (gain/loss) from inception of the association to end of last year. The Net Income Gain/Loss is the year-to-date net income that is reflected on the income statement.

The income statement lists all the income and expenses for the association for

the current year – they are shown as the current month's amounts and the year-to-date amounts, as well as the budgeted amounts. A helpful feature of the income statement is the budget to actual variance column which represents how much a particular budget item is over or under budget. All income and expenses should be recorded in the proper account and are usually categorized by type, such as assessment income and late fee income, and building expenses, grounds expenses, and administrative expenses. The more detailed the income statement, the more informative it will be to the user.

A basic knowledge of these reports will help a homeowner understand what has been budgeted, how their assessment was determined, and what expenses are necessary for their association to function.

Association Website Corner

Community Photos are now on the Elite Management Professionals home page. Go to www.elite-mgmt.com to see photos of our communities.

If you have not visited your Association website go to www.elite-mgmt.com and click on Communities. Select your community and then register to get started taking advantage of the many features your website offers.

E- Statements

This new feature has become very popular for many

homeowners that did not want coupons but would like a reminder of when their assessments are due. If interested, you can sign up for this under your Profile section of the site.

Work Orders

To review work orders, Board members can select the "**Board AR/WO**" tab. Then select "All Homeowners" from the top drop

down menu (located beside the header "Collection Level"). This will allow you to view the violations, work orders and account receivable information for every homeowner at a glance. Simply click on the number in the box to the right of the name and address and the description of the violation, summary of the work order or level in the collection process is visible.

Employee Dishonesty Insurance?



What is employee dishonesty insurance?

This insurance protects the employer from financial loss due to the fraudulent activities of an employee or group of employees. The loss can be the result of the employee's theft of money, securities or other property of the employer. It is important to Elite Management Professionals that our Board of Directors understand that we have taken steps to insure against this type of fraud to protect your Association's assets.

Recently a local Homeowners Association, has been the victim of apparent fraud committed against the community and its board by the office administrator. The Board discovered the fraud and immediately began work-

ing to prevent any further losses. Once the board knew something was wrong they found that they lost the entire operating budget for the remainder of 2011 and an undetermined amount of reserve funds.

In an emergency board meeting, the Board suspended the Office Administrator from all duties. The Board had to move forward with short-term financing, and all routine maintenance contracts were suspended. That means that grass cutting, tree maintenance, lake and pond care, for example, were not done until finances were available again.

The Board was put in a position that no board member should be placed in trying to explain to the

members of an association that has put faith that their money is secure.

Elite Management Professionals, Inc. maintains a \$500,000 employee dishonesty crime bond to protect the funds held by our associations. In addition, the accounting procedures are reviewed annually by CPA's that are engaged to produce an audit for our associations.

The review of the accounting process includes the checks and balances that take place for each invoice and check approved, written and signed.

If you have any questions regarding the financial process or the insurance that is in place to protect your association's assets, please contact Dawn Hatcher by phone or e-mail.

2011 Calendar of Events



Monday, January 2, 2012

Elite Management Offices Closed for New Years.

Tuesday January 3, 2012

House Select Committee Public Hearing in Raleigh. Please sign up if interested in speaking. More information about

this important hearing for the future of HOA legislation is on Page 1 of newsletter.

Monday, January 16, 2012

Observance of Dr. Martin Luther King, Jr. Day.

Tuesday, February 7, 2012

Board Member Semi-

nar and Orientation— Come join us to review the important role of serving on the Board, how to review the financial statements, governing documents and review your community website. Please contact Dawn Hatcher to register.