



Strategic HOA

Caring community management

Homeowners association financial management is a completely misunderstood element of our industry. It's more than just collecting revenue paying expenses and giving a shoddy report to the board each month. Financial management needs to extend well beyond that. We have discovered that when we begin many management assignments and the board has not been provided with the correct information; so we understand what you may vary will be feeling. For example, did you know that the nation's largest reserve study firm found that 70% of homeowner associations in this nation were

Financial Management

Your Numbers Have A Tale To Tell!

By Ian Marksbury
President, Strategic HOA

underfunded in their reserve accounts? Now what does that mean for those associations? It means there's a likelihood they will face a special assessment when a capital improvements are required. Our objective is to always keep our associations within that top 30% and if they happen to be underfunded when we begin to guide the HOA, then we want them to move up toward that appropriate level so individual owners don't face financial hardships.

Recently, we took over the management of a local association. In the month before we began their interest income from the reserve account was just \$4.22. Now, the monthly income is an excess of \$1,250 for the same principal amount because we understand the value of

properly investing reserve funds into interest-bearing CDs that are insured by FDIC.

The next element is the reporting process. I'm amazed at how many Association boards simply don't receive adequate financial statements on a monthly basis. One month, you may receive a balance sheet and the next month you may get a cash flow statement. You may or may not get bank reconciliations, and that's not our process. We have implemented a strategy that each month, our boards receive the same documents: a balance sheet income statement, 12-month statement of cash flows, a revenue register showing what was received, an expense register showing all the expenses paid, journal entries, reconciliations, bank statements and of course a report showing who is delinquent. Such statements are imperative for your understanding of how the Association is performing but we take it a step beyond this. We create a 6-7 minute video which covers the balance sheet in the income statement and provides you with enough information to get a good overview of the performance of the preceding month.

Many of our boards have authorized us to release this information to homeowners so they know their board is taking good care of their largest investment - their home. We want to ensure owners have full knowledge on what's taking place with that investment.

Another element of financial management is working with the HOA's CPA, preparing tax documents. For years, we have specialized in this and we understand what CPAs are looking for. The statements and tax documents we provide are prepared quickly.



With Strategic HOA you will know that your finances are maximized!

We understand there are some people who would choose to remain with their current managers. While we hope to have the opportunity to serve you directly, we at least hope that this information will help you understand what you should be getting from your managers and help them elevate their game. It's important for this industry to step up and become more professional.

Please contact us if we can be of service or at the very least, watch some of our educational videos so you'll know how to instruct your manager on appropriate actions.

We look forward to serving you and your association.

www.StrategicHOA.com