

**1 Budget Comparison Cash Flow (Cash)**  
**America's Best HOA - (ame411)**  
**Months: March 2011**

Prepared For:  
 AMERICA'S BEST HOA  
 C/O BEVEN & BROCK  
 P.O. BOX 7029  
 PASADENA, CA 91109

Prepared By:  
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 P.O. BOX 7029  
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	4 MTD Actual	MTD Budget	\$ Var.	% Var.	YTD Actual	5 YTD Budget	6 \$ Var.	7 % Var.	8 Annual
<b>2 INCOME</b>									
LATE CHARGE	5.00	2.50	-2.50	-100.00	5.00	10.00	-5.00	-50.00	30.00
DUES	2,555.00	2,040.00	260.00	12.75	7,640.00	8,160.00	-520.00	-6.37	24,480.00
<b>TOTAL INCOME</b>	<b>2,560.00</b>	<b>2,042.50</b>	<b>257.50</b>	<b>12.61</b>	<b>7,645.00</b>	<b>8,170.00</b>	<b>-525.00</b>	<b>-6.43</b>	<b>24,510.00</b>
<b>3 DISBURSEMENTS</b>									
CONTRACT SERVICES									
INSURANCE, FIRE/LIABILITY	0.00	310.42	310.42	100.00	0.00	1,241.68	1,241.68	100.00	3,725.00
LANDSCAPING CONTRACT	220.00	110.00	-110.00	-100.00	440.00	440.00	0.00	0.00	1,320.00
MANAGEMENT CONTRACT	265.00	265.00	0.00	0.00	1,060.00	1,060.00	0.00	0.00	3,180.00
PEST CONTROL CONTRACT	40.00	40.00	0.00	0.00	160.00	160.00	0.00	0.00	480.00
RUBBISH CONTRACT	196.40	192.00	-4.40	-2.29	776.26	768.00	-8.26	-1.08	2,304.00
<b>TOTAL CONTRACT SERVICE</b>	<b>721.40</b>	<b>917.42</b>	<b>196.02</b>	<b>21.37</b>	<b>2,436.26</b>	<b>3,669.68</b>	<b>1,233.42</b>	<b>33.61</b>	<b>11,009.00</b>
ADMINISTRATIVE									
ACCOUNTING	0.00	16.67	16.67	100.00	200.00	66.68	-133.32	-199.94	200.00
BANK CHARGES	0.00	0.83	0.83	100.00	0.00	3.32	3.32	100.00	10.00
GENERAL ADMIN.	0.00	4.17	4.17	100.00	41.24	16.68	-24.56	-147.24	50.00
LEGAL	0.00	25.00	25.00	100.00	422.00	100.00	-322.00	-322.00	300.00
LICENSE/FEEs	0.00	0.83	0.83	100.00	41.50	3.32	-38.18	-1,150.00	10.00
POSTAGE	0.00	2.08	2.08	100.00	0.00	8.32	8.32	100.00	25.00
RESERVE STUDY	0.00	54.17	54.17	100.00	0.00	216.68	216.68	100.00	650.00
TAXES, FEDERAL	0.00	0.00	0.00	0.00	30.00	0.00	-30.00	0.00	0.00
TAXES, STATE/LOCAL	0.00	0.00	0.00	0.00	19.00	0.00	-19.00	0.00	0.00
<b>TOTAL ADMINISTRATIVE</b>	<b>0.00</b>	<b>103.75</b>	<b>103.75</b>	<b>100.00</b>	<b>753.74</b>	<b>415.00</b>	<b>-338.74</b>	<b>-81.62</b>	<b>1,245.00</b>
UTILITIES									
ELECTRICITY	0.00	129.17	129.17	100.00	626.82	516.68	-110.14	-21.32	1,550.00
WATER & SEWER	54.60	237.50	182.90	77.01	1,051.24	950.00	-101.24	-10.66	2,850.00
<b>TOTAL UTILITIES</b>	<b>54.60</b>	<b>366.67</b>	<b>312.07</b>	<b>85.11</b>	<b>1,678.06</b>	<b>1,466.68</b>	<b>-211.38</b>	<b>-14.41</b>	<b>4,400.00</b>
VARIABLES									
COMMON AREA REPAIRS	0.00	25.00	25.00	100.00	103.50	100.00	-3.50	-3.50	300.00
COMMON AREA SUPPLIES	0.00	8.33	8.33	100.00	0.00	33.32	33.32	100.00	100.00
ELECTRICAL	0.00	8.33	8.33	100.00	0.00	33.32	33.32	100.00	100.00
FIRE PREV./SUPPLIES	24.00	2.50	-21.50	-860.00	24.00	10.00	-14.00	-140.00	30.00
GATES, AUTOMATIC	0.00	33.33	33.33	100.00	0.00	133.32	133.32	100.00	400.00
JANITORIAL	0.00	16.67	16.67	100.00	0.00	66.68	66.68	100.00	200.00
LANDSCAPING, SPECIAL	0.00	8.33	8.33	100.00	0.00	33.32	33.32	100.00	100.00
LANDSC. SUPPLIES/EQUIP.	0.00	8.33	8.33	100.00	0.00	33.32	33.32	100.00	100.00
LOCKSMITH	0.00	8.33	8.33	100.00	0.00	33.32	33.32	100.00	100.00
PLUMBING	0.00	0.00	0.00	0.00	450.00	0.00	-450.00	0.00	0.00
SPRINKLERS	40.00	25.00	-15.00	-60.00	80.00	100.00	20.00	20.00	300.00
TREE TRIMMING	0.00	62.50	62.50	100.00	0.00	250.00	250.00	100.00	750.00
<b>TOTAL VARIABLES</b>	<b>64.00</b>	<b>206.65</b>	<b>142.65</b>	<b>69.03</b>	<b>657.50</b>	<b>826.60</b>	<b>169.10</b>	<b>20.46</b>	<b>2,480.00</b>
<b>9 TOTAL OPERATING EXPENSES</b>	<b>840.00</b>	<b>1,594.49</b>	<b>754.49</b>	<b>47.32</b>	<b>5,525.56</b>	<b>6,377.96</b>	<b>852.40</b>	<b>13.36</b>	<b>19,134.00</b>

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**Months: March 2011**

	<u>MTD Actual</u>	<u>MTD Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>\$ Var.</u>	<u>% Var.</u>	<u>Annual</u>
RESERVE CONTRIBUTIONS	448.00	448.00	0.00	0.00	2,677.66	1,792.00	-885.66	-49.42	5,376.00
<b>TOTAL DISBRUSEMENTS</b>	<u>1,288.00</u>	<u>2,042.49</u>	<u>754.49</u>	<u>36.94</u>	<u>8,203.22</u>	<u>8,169.96</u>	<u>-33.26</u>	<u>-0.41</u>	<u>24,510.00</u>
<b>10 NET BALANCE IN OPERATING</b>	<u>1,272.00</u>	<u>0.01</u>	<u>1,011.99</u>	<u>10,119,900</u>	<u>-558.22</u>	<u>0.04</u>	<u>-558.26</u>	<u>-1,395,650</u>	<u>0.00</u>
RESERVE ACTIVITY									
<b>11</b> RESERVE TRANSFERS	448.00	0.00	448.00	0.00	2,677.66	0.00	2,677.66	0.00	0.00
RESERVE INTEREST	1.83	0.00	1.83	0.00	6.56	0.00	6.56	0.00	0.00
<b>12</b> TOTAL RESERVE ACTIVITY	<u>449.83</u>	<u>0.00</u>	<u>449.83</u>	<u>0.00</u>	<u>2,684.22</u>	<u>0.00</u>	<u>2,684.22</u>	<u>0.00</u>	<u>0.00</u>
<b>13</b> CASH FLOW	<u>1,721.83</u>	<u>0.01</u>	<u>1,461.82</u>	<u>14,618,200</u>	<u>2,126.00</u>	<u>0.04</u>	<u>2,125.96</u>	<u>5,314,900</u>	<u>0.00</u>
<b>14</b> BEGINNING CASH	1,831.38								
<b>15</b> ENDING BALANCE	3,103.38								
	1,272.00								

## Understanding Your Monthly Budget Comparison

### 1. Budget Comparison Cash Flow (Cash)

This report shows the income and expenses for the indicated month. It also shows the Year-To-Date figures. It may appear complicated, but it is a great report that provides much valuable information once it is understood. Simply, it tells you whether your actual income and expense figures are on track with the annual budget. The Monthly and Year-To-Date figures are compared to the association's budget and state the differences both in dollars and percentages. The first four columns cover the actual income and expenses for the month, the budget for this period, the dollar variance and the percentage variance. The second set of four columns communicates the same type of information, except that it covers the Year-To-Date figures (from the beginning of the fiscal year through the month listed on the financial.)

### 2. Income

The income generated by the HOA mainly comes from Dues and Special Assessments. Other amounts of income are from Parking, Late Charges, Laundry, Insurance Claims and other miscellaneous sources. The Accounts Receivable department at Beven & Brock is responsible for the processing of the HOA's income.

### 3. Disbursements

This section refers to all of the operating expenses that have been paid out to vendors, on a current month as well as a year-to-date basis. Those expenses are grouped into four categories: Contract Services, Administrative, Utilities, and Variables.

The Accounts Payable department at Beven & Brock is responsible for processing all payments and mailing them to the Board for approval.

HOA's are also responsible to save money monthly by making a Reserve Contribution into a reserve account.

### 4. MTD Actual

The figures in this column refer to the amounts that have been received or spent for the month. A negative number in the Net Balance in Operating (at the bottom of this report) means that the HOA has overspent for the year. This amount is added to the Retained Earnings – Prior Years when the books are closed at the association's year-end (See Balance Sheet).

## 5. YTD Budget

The numbers in this column reflect what the association budgeted to receive and/or pay for this portion of the year for each item. If the YTD Actual amount is higher than the YTD Budget amount, then the association has spent more than what was budgeted.

## 6. \$ Var.

When considering the INCOME section of this report (Dues, Late Charges), the figures in this column are the result of subtracting the Budget amount from the Actual amount (Actual minus Budget.)

When you are reviewing the DISBURSEMENTS section, subtract the Actual amount from the Budget amount (Budget minus Actual) to obtain the figures in the \$Var. column.

A negative number in the INCOME section means that the HOA did not receive the budgeted funds. A negative number in the DISBURSEMENTS section means that the HOA has spent more than the budgeted amount.

## 7. % Var.

The easiest way to see whether the HOA's income and expenses are in line with the established budget is to note the % Variance figure which can be found in the second to last column on the Total Operating Expense line near the bottom of the report. Ideally, this number should be as close to zero as possible.

If it is a negative number, then the HOA has overspent by that percentage compared to the budgeted projections. If there is a negative percentage, you should attempt to understand why by reviewing the \$ Variance column in the Year-To-Date section. Look for large negative amounts which might be one of three possible reasons:

- 1) An unanticipated operating expense (not a reserve expense.)
- 2) A repair or replacement of reserve components. A transfer from a reserve account to the operating account is warranted in this case.
- 3) An anticipated expense that occurs once or twice per year. The budget allocates this expense evenly over 12 months, but this expense may have occurred early in the year.

These % Variance figures are calculated by dividing the \$ Var. by the YTD Budget and then multiplying that result by 100. ( $\$ \text{ Var.} / \text{YTD Budget} * 100$ )

## 8. Annual

This column shows the annual budget for each line item as well as the totals for each section. The association prepares and distributes an annual budget (represented by the figures in this column) which must be completed and approved no more than 60 days and no less than 30 days prior to the association's fiscal year end.

## 9. Total Operating Expenses

This line is a total of the disbursements for the month and year-to-date columns.

A TOTAL is displayed at the bottom of each category. Near the bottom of the report, the TOTAL OPERATING EXPENSES is obtained by adding all four category totals together.

Finally, the TOTAL DISBURSEMENTS value is arrived at by adding the RESERVE CONTRIBUTIONS (monthly checks issued to transfer money to a reserve account) to the TOTAL OPERATING EXPENSES.

### **10. Net Balance in Operating**

The Net Balance in Operating is the association's net cash flow in the operating account for the month or year to date after taking into account any reserve contributions. See Ending Balance below.

### **11. Reserve Transfers / Reserve Interest / Reserve Expenses**

Journal entries for Reserve Transfer checks and the Reserve Interest earned are entered in the system in order to reconcile the Reserve bank statements each month. Those journal entries show on these lines of the report.

Beven and Brock encourages all associations to make regular and recurring reserve transfers in compliance with the law and to keep on track with the recommendations of the association's reserve study.

If a check or a journal entry is coded to a specific Reserve Expense account, you will see that account listed in this section along with the amount(s).

### **12. Total Reserve Activity**

The Total Reserve Activity is the total of all deposits (such as Reserve Transfers and Reserve Interest) less any debits to the reserve account(s) (expenses paid by reserve checks as well as service charges.)

### **13. Cash Flow**

The Cash Flow figure in this report is not the amount of money that the HOA has in any of its bank accounts, but it does show whether the HOA had an overall positive or negative cash flow in the reporting period. It is the sum of the Net Balance in Operating (the amount of money that was remaining or overspent compared to the income received) and the Total Reserve Activity, and both will be figured into the HOA's overall assets.

### **14. Beginning Cash**

This figure is for your reference and matches the Total Operating Funds on the previous month's Balance Sheet.

### **15. Ending Balance**

This amount is the balance in the HOA's operating account at the end of the month. It matches the CHECKING ACCOUNT figure on the Balance Sheet.

It is obtained by taking the Beginning Cash balance and adding the Net Balance in Operating for the current month. This amount will be the Beginning Cash balance on next month's financial.