FREQUENTLY ASKED QUESTIONS: Almond Glen Finances and Budget

Q: How does the association make money?
A: Assessments are the association's primary income source.

- Three GL accounts associated with income:
  - Single-Family Home (SFH) Assessments
  - Townhome (TH) Assessments
  - Interest Income from invested reserves

When looking at the budget, it helps to keep the following in mind:

- SFH and TH are assessed at different amounts and frequencies.
- THs have more expense needs as the Association is obligated to maintain the exterior of all townhome units and landscaping
- SF assessments go entirely to Master Fund column
- TH assessments go entirely to TH Fund column
- To keep 2024 budgeted figures comparable to 2023, the budget proportionality between the master fund and TH fund columns is largely kept unchanged
- The budget is focused on the income statement and not inclusive of our balance sheet, which includes reserve and cash on hand balances

Q: Can you provide me a quick history of dues for Almond Glen?
A: Absolutely. Here's a breakdown of the dues for the past five years:

- 2020
  - SFH dues = $155 per quarter
  - TH dues = $160 per month
- 2021
  - SFH dues = $155 per quarter
  - TH dues = $210 per month
- 2022
  - SFH dues = $116 per quarter
  - TH dues = $215 per month
- 2023
  - No change from 2022
  - SFH dues = $116 quarterly; 2023 budget = $107,184
  - TH dues= $215 monthly; 2023 budget = $165,120
- 2024
  - Recommending restoring SFH dues to their previous level of $155 per quarter; 2024 budget = $143,220. Reducing them in FY2021 was unnecessary.
  - Recommending maintaining TH dues at $215 monthly; 2024 budget = $165,120

All of this information can be found on our website – almondglenhoa.org.

FREQUENTLY ASKED QUESTIONS: Almond Glen Finances and Budget

Q: How will the Reserves be funded in 2024?
A: Big thanks to previous Boards, who made massive efforts to increase the reserve levels in previous years. Funding is adequate for projected expenses in the next 6.5 – 7.5 years per the 2023 Reserve Study's projections. The Reserve Study projections are worst case scenario suggestions that assume all work will need to be completed in the same year. For many repair estimates, such as roofing and vinyl siding needs, a phased approach is more appropriate.

We are budgeted to increase our Reserves balance by approximately $25k by the end of 2024 and preserve the current Reserves by using our operating income to fund 2023 expenditures without reducing the reserves. We have approximately $140k in our Operating Fund right now and should have a total cash position (Operating + Reserves) of closer to $900k by the end of 2024.

Q: Are TH and SFH self-funded?
A: Currently, both operating centers are self-funded on an annual basis. Meaning, expenditures that primarily benefit the TH are paid for out of the surplus of the townhome fund assessments, and vice versa for the master fund and SFH.

Q: The Reserve Study indicated a TH expense of $300k in 2029. Will SFH have to pay any repairs to the TH?
A: Tracking reserves from the point of contribution through the point of expenditure is the topic in question. **We hear you** and understand separating the two Reserve accounts is important. **As a result, we will keep separate the Reserve accounts for TH and SFH to ensure one account isn't paying for the other.** These do not affect assessment decisions made for 2024. So, no, SFH will not pay for repairs to TH in the future, nor have they been doing so operationally.

Q: Is it in the best interest of the TH to fund their own major repairs and maintenance?
A: Yes. THs are able to pay for repairs and maintenance on an annual basis with the surplus of their contributions within the same calendar year the repairs are needed. This prevents the need to draw from the Reserves.

Q: What would happen if the TH incurred a large expense and were not able to fund the entire expense with operating and Reserve funds?
A: If we had an event in the THs that needed to be paid for all at once and was in excess of the available TH Reserves, the Association would pursue a line of credit and levy a special assessment on the TH side of the community to restore the reserve depletion as well pay down the principal on the line of credit.

This is an unlikely scenario. The exteriors of the townhomes will be maintained on a phased, ongoing, and scheduled basis that ensures proper use of available funds in a sustainable manner. If we do not need to draw from the Reserve funds to afford repairs, we will preserve them for as long as possible.

FREQUENTLY ASKED QUESTIONS: Almond Glen Finances and Budget

Q: Why are SFH dues going to increase in 2024?
A: Almond Glen has some of the lowest dues in this area. In 2021, SFH dues were decreased from $155 to $116 quarterly. To ensure we maintain healthy operating and Reserve funds, we feel it's necessary to return SFH dues back to $155. Currently, the SFH operating fund has very little wiggle room to avoid going into a deficit, and we want to ensure that does not happen going forward.

Q: What is your five-year financial goal for Almond Glen?
A: Operational liquidity, long-term solvency. Achieving an annual cash inflow of closer to $400k annually over the next five years versus the current funding level of approximately $310k top-line.

Q: I've read the materials provided and still have questions about the 2024 budget. Who can I contact?
A: If you have questions about the budget or anything Board related, please send an email to almondglenhoa@gmail.com.