

Ventana Lakes Property Owners Association
Treasurer's Report
February 9, 2008

Colby Financial Statements

The Colby final financial statements are not available for January. The final version of the December 2007 financials was posted to the website and will be included with the next Ventana Views for purposes of the Annual Meeting.

Attached And Included as Part of This Report:(not to be posted on VLPOA website)

The updated CD list. In the past we have been concerned about posting this list on website. The same CD information is included in the balance sheets posted on the website. This list includes names of banks but no account numbers. In my opinion we are not disclosing information that could be used against VLPOA. If we have concerns we could delete bank names and leave account number only in the posted financials. What is the board's pleasure?

The CD with FNB of \$82,145 was transferred to the Wells Fargo Bank investment account as a 6 month CD at 3.3% Interest rates are going down. This also enables VLPOA to maintain liquidity for future projects.

Delinquent Homeowner Accounts

Total delinquent amount is \$6,382 as of 12/30/07. We have not received the delinquent report for January.

Certified Audit for 2007

We are having difficulty getting commitments from CPA firms due to their current involvement with tax season. Expect the cost to double from \$6,000 to \$12,000. Jack may have more comments regarding this matter.

Other Information for Consideration:

My review of the 2007 financial reports indicates that we over funded reserves for the VLPOA Master by \$62,744 for 2007. It is my opinion that we should treat this amount as a contribution to the reserves for 2008. This should be discussed further when we reconsider the budget with the newly elected board members. Jack & I met with Colby and I made recommendations to change the presentation of income. All income except for reserve interest will be shown in operations. This will prevent any further over funding of reserves

The Gardens also has an operating surplus in 2007 in the amount of \$35,364. There is an accumulation of surplus amounts from 2005 through 2007 of \$77,476. The 2005 surplus includes a carry over amount from prior years. Colby computes interest on this balance and transfers the interest to the Gardens. No harm to the Gardens at this point.

Colby provides accounting services to both the VLPOA Master and Gardens. In the past the master paid all of the Colby accounting fees. This is unfair to the Master as 8.11% of these fees are attributable to the Gardens. Starting in 2008 we are charging the Gardens \$184 a month for accounting.

We also have other expense that should be treated as shared expense between the Master and Gardens, such as audit fees, tax prep fees, income taxes, reserve study and possibly

others. From time to time we also have legal fees that are directly connected to the Gardens and appropriately should be charged to the Gardens. All of this will happen in 2008

In my opinion we should reduce the Gardens accumulated reserves by expenses that are readily available in the prior financial statements. Colby accounting fees for the past 3 years will amount to about \$8000. I do not recommend going beyond 2005 in this endeavor. In my estimate the total Garden's fees paid by the Master will fall between \$8,000 and \$10,000 for the past 3 years. I believe that this is a lot for everyone to digest at this time; therefore, I recommended that the newly elected board address any reductions to the Gardens accumulated surplus. After that consideration the remaining balance should be transferred to a Gardens CD.

Finance Committee:

In my opinion the newly elected Board and Treasurer should consider reviving the finance committee. I believe that this committee would provide valuable assistance to the new Board and Treasurer.

Submitted and signed by Maurice Frenette this 9th day of February, 2008.

Maurice Frenette