

Ventana Lakes Property Owners Association
Treasurer's Report
March 19, 2008

Colby Financial Statements

The Colby final financial statements are not available for February are posted on the Ventana website.

Attached And Included as Part of This Report:

The updated CD list.

We have a CD that in the amount of \$25,000 with First Federal Savings Bank, through our Wells Fargo Investment account is due on April 8, 2008. I recommend continued investment with Wells Fargo CDARS program.

Certified Audit for 2007

We have engaged Brad Jenner of Jenner & Darling CPA Firm to perform a certified audit for 2007. We selected the higher price of \$8,000 because this CPA is certified in Arizona. The other CPA was for \$6,500. We did not select the other CPA because the CPA was certified in New York not Arizona. The New York certification would have left VLPOA with little recourse. The selected Arizona CPA provides VLPOA with recourse with the Arizona Stat Board of Accountancy.

Other Items for Consideration:

At the April Board meeting we will review the 2008 budget and consider additional changes.

As pointed out at the March Board meeting, 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.

I believe that the Gardens should be represented in decisions that lead to the actual expenses that are charged to the Gardens. In that regard I am recommending that Tony Fiore as an elected board member from the Gardens be involved with the Treasurer with that process. If Tony and Moe cannot agree than the disagreed portion will be addressed at the next open board meeting. In that light we will go back and review the prior legal fees.

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:

Anyone interested becoming a member of the new Finance Committee please announce your intentions in writing with Jack Donovan.

Submitted and signed by Maurice Frenette this 19th day of March, 2008.

Maurice Frenette