

Ventana Lakes Property Owners Association
Treasurer's Report
June 18, 2008

Colby Financial Statements

The May financial statements are available. These Financial statements reflect the new budget comparison that resulted from a financial committee recommendation. This will provide valuable budgetary insights. I intend to give the financial committee some time as part of the Treasurer's report.

Master CD's:

On 5/27/08, the AM Trust CD in the amount of \$46,031.15 was transferred to the Wells Fargo Investment money market account to cover future reserve expenses. The Sky Bank CD of \$50,000 was transferred into a new CD with Capital One Bank at 3.60% due on 11/30/09. We recovered from FDIC \$40,055.89 from a defaulted investment with ANB Financial. These proceeds were reinvested with the Bank of the Commonwealth at 3.15% due on 03/04/09.

Looking ahead we have 2 CD's due in August for \$82,000 and \$79,200 for renewal.

Gardens CD's:

A new CD was created within the WFB investment account for \$77,000 at 3.35% due on 5/14/09. I also transferred funds from the Gardens Domestic money market account into the Gardens WFB account and subsequently created a CD with Washington Mutual in the amount of \$86,000.

Investment Footnote:

It is my intention to have all of the Master and Gardens reserve investments migrate to the respective WFB investment accounts. This will simplify our investments for FDIC purposes and signature purposes.

New Information:

Lat month I noted that there was an accumulation of funds that belongs to the Master POA in the form of an Advanta money market account in the amount of \$100,312. . These funds were recently liquidated into the Compass operating account to cover the May transfer of \$77,476 to the Gardens and unusually high recent landscaping expenses.

We also have a money market account with Corus bank in the Master reserves. Rather than putting new signors on this account I have decided to transfer the funds to the Wells Fargo investment account. It is being done in 2 transfers with assistance from Tammy of Colby management. By the end of June all of these funds will be transferred to the Wells Fargo investment account.

Finance Committee:

I would like to give Chet Homan a few moments of time to share some observations regarding the May financial statements. I will include his report as part of this Treasurer's report.

Submitted and signed by Maurice Frenette this 18th day of June, 2008.

Maurice Frenette

Report From Finance Committee – June 18, 2008

We reviewed the May Statement of Operations yesterday (June 17, 2008).

We have found some things that need to be corrected but two things are clear:

1. To date, we have been spending more than we have budgeted. If this trend continues and nothing is done about it, we could run out of operating funds before the end of the year. Currently, it looks like we have a shortfall of approximately \$23,000 (This is an estimate since there are some errors that need to be corrected in this report which we just received on Monday). We strongly recommend that the board look into this situation and make whatever changes they believe are necessary to prevent this from happening. Obviously, this can be done either by increasing income, decreasing expenses, or a combination of both. We will be happy to assist as needed.
2. We are underfunding reserves. Even counting reserve interest as though it is being retained as reserves rather than used for operations, we have only been targeting about \$45,000 for reserves to date while the recommended amount is \$70,000. This is, in effect, another shortfall of \$25,000. This puts future years in danger as well as the present year. Obviously, it is not a good solution to use this money now and require a major assessment in another year.

Currently, we expect both of the above situations to get worse unless some actions are taken to prevent it. I'm sorry that this couldn't be a more upbeat report.

Chet Homan