

**Balboa Terrace Homes Association
Special Board of Directors Meeting
Thursday, January 21, 2016**

The single topic meeting was held at 177 San Aleso Ave. Present were: Jerry Bernstein, George Wu, Brigitte Churnin, Darryl Gourley, Robert Mann, Sue Grazioli, Caitlin Traylor and Alexandra Vuksich. Members present: Kevin Boulivant, Jodi Kimel and Hanna Fleck. The meeting was called to order at 7:30pm.

Annual Financial Statement

The discussion began with a comment concerning assessment amounts. It was noted that the Reserve Fund Study came with a recommendation of a 7% annual increase; Sue was not comfortable with no increase at all and suggested a 2% raise this year. Jerry explained that the full reserve amount was covered; some expenses might legitimately come out of the “reserve”. Robert got clarification from the author of the study on the differences between the reserve/operating/capitol expenses. He suggested that the Board consider paying for a bookkeeper to maintain up to date accounting. It was his opinion that the reserve fund was adequately funded for the next three years but was not opposed to raising assessments by a modest amount. George disagreed, and pointed out that the Reserve Funding Study showed an annual contribution no matter what the starting amount of the fund was. Considerable discussion was made on this issue of annual contribution even though the suggested annual contributions for 3 years was represented by the \$93K placed into the Reserve Fund.

The Reserve Fund would be shown on financial reports as a separate line item although it need not be kept in a separate bank account. This would be a transition year for the fund and no rules have been adopted regarding expenditure of funds from it. For example, Robert believed that approximately \$48K would be needed from the fund to replace the irrigation system for the common areas. It was also agreed that about \$750/mo would be added as an expense item for bookkeeping services going forward as well as approximately \$3K for a full audit of the association’s books in the next few months. It was also agreed that explanations for line items on the financial statement are critical in communicating transactions to the membership. A revenue line should reflect assessment collections.

Kevin had questions about the numbers on the financial statement — the explanation given by the treasurer didn’t satisfactorily explain discrepancies. Specifically, a difference of \$14K which was carried forward but left which numbers were real an uncertainty. He asked that these discrepancies be noted for the record. The current presentation was convoluted but might be

clarified in an audit. A statement would be written explaining the differences and will be addressed at the annual meeting.

A motion was made to approve the budget/financial statement as amended:

1. changing headings on columns
2. adding a line item for accounting/auditing for \$13K
- 3.. adding a footnote on reserves and anticipated spending

Motion: Robert

Second: Jerry

Vote: Unanimous

The meeting was adjourned at 8:50pm