Q: How many unimproved lots paid their POA dues for 2020?

A: There are 51 vacant lots at the Glen, of which approximately 30 are currently delinquent on some or all of their 2020 dues. Also, according to recent county records, 17 Glen lots are currently in judicial repository. That said, we have limited confidence in the prior management team's record keeping and collection efforts with regard to delinquent accounts, and our plan is to leverage the resources available to us with FirstService, as well as our attorney, to address each delinquent account (both homes and lots) and collect every dollar owed to us. Our expectation is all dues are paid in full in the year they are assessed.

Q: There is no 5% discount for dues paid by 1/15/2021 which encouraged homeowners to pay POA dues in full. Where is my savings this year if I am paying more than last year? How are you going to have sufficient resources to pay expenses in the first quarter of 2021? What is the incentive to me paying early anymore?

A: For clarification, the amount of 2020 dues for developed properties was $1,520 and those who paid in full by 1/15 paid $1,444. The 2021 dues for developed properties is $1,450, regardless of whether you pay in full on 1/15 or in 6 installments of $241.67. While we recognize that those who paid in full by 1/15 last year are now paying $6 more, they now have the option of paying over the course of six months (a benefit, in our opinion), without having to pay higher dues, interest, and admin fees. Perhaps more importantly, our neighbors who cannot afford to pay in full by 1/15 (of which there may be many more this year than last) will not be penalized with higher dues and fees than those of us who can.

With regard to resources and cash flow, please see below (some of which was included in the September Financial Update shared with the community in October):

- 90% of our annual expenses (Security, Lawn/Snow/Property Maintenance, Property/Financial Management) are contractual and paid on a monthly basis, so our expenses are spread out throughout the year
- As of 9/30, we had over $650k in cash (of which approximately $435k is reserves and ~$215k is operating) so we have enough cash to pay expenses through end of Q1
- Our expectation is that everyone will make some payment by 1/15 in order to avoid the late fee, and even if everyone chooses the 6 month payment option we should receive $75,000 - $95,000 per month (depending on delinquency rate) starting in January, which will easily cover our monthly expenses.

Q: Road repairs last year we budgeted $25,000 and spent $65,557. Will we use any road reserve dollars to make up the difference or reduce cash? Why are we not budgeting any money for road repairs for 2021? Based on reserve study, it was necessary to spend a minimum of $50,000 per year on road repairs.

A: We do not anticipate doing additional road repairs in 2021, given the work done this year, and would like to note that we are still in the process of verifying the quality and completeness of the work completed this year with an independent engineer and may seek remediation and/or compensation if it is deemed that the work was not performed appropriately. That said, as of 9/30 we have approximately $160,000 in Road Reserves and may pull money from that for any necessary repairs. We have also contracted with an engineering firm to complete a new reserve study, given the previous one was completed many years ago. This new study will inform our reserve allocations and budgets going forward, but could not be completed in time for the creation of the current budget.

Q: PPP loan, we received a $55,000 loan to keep our employees employed. Since we let all our employees go, I assume will have to pay this back. Where does this stand for budgeting purposes?

A: The $55,000 we received is part of the cash in our account and is listed as an account payable on our balance sheet. Our "covered period" was between May and July of this year, and all staffing changes happened after this period, so we should still qualify for forgiveness. According to the SBA, payments and interest on the loan are deferred until 10 months after the end of the "covered period", so we don't have to make any payments until at least May 2021 and may apply for forgiveness any time until then. Our forgiveness application is still pending submission and will certainly be submitted before May, and we expect that most (if not all) of the loan will be forgiven. If our application for forgiveness is rejected, we will decide on the best path forward at that time, which may include keeping the loan proceeds, given the interest rate is only 1% per year.

Q: At the beginning of 2019 we had about $414,707 in total reserves. Since we have not seen a balance sheet since then there is no way of telling how much reserve dollars have been spent and on what. So, can you give us an update as to the status of reserve dollars left and a breakdown of what they were spent on?

A: We will make sure to include a breakdown of reserve vs. operating account balances in future financial updates (October financials to be distributed in the next week or so). As noted in the September Financial Update, which was shared by our property manager via email on 10/15/20 and reviewed during the board meeting on 10/5/2020, as of 9/30 we had approximately $674k of cash in the bank, of which approximately $160k is road reserves and $275k is maintenance/capital reserves.

Q: In prior budgets, we always included a plan to increase or at least replaced reserves dollars spent. As you know a strong balance sheet is important to the community, so what is your plan to keep our reserves at a financially sound number as I see no plan in this budget?

A: The budgeting process is meant to estimate income and expenses for a given year and, in general, net income (income in excess of expenses) for a given year would be added to reserves. As discussed during our budget meeting, some of our key expenses have gone up and while we hope to increase collections and reduce expenses where feasible in 2021, the conservative estimates we used in developing the 2021 budget result in no excess income to be contributed to reserves in 2021. That said, we are required to set aside all of our transfer fee income in a given year to capital reserves and will, at minimum, place the final amount of 2020 transfer fee income into our capital reserve account. Once we have completed a reserve study, we will have a better sense of whether our current reserves are sufficient and what level of replacement is needed, and this will be factored into the 2022 budgeting process.

Q: Our year end anticipated results and cash. You anticipate our end expenses to come in at $765,877 and our income at $652,974. This means our cash will be reduced by some $82,903 and does not include $36,186 of transfer fees to be transferred to capital reserves. So, the question is what are you anticipating the yearend cash position to be? In the past we always made sure our yearend cash position was $95,000 to $100,000 strong. Is this calculated in the budget?

A: As mentioned above, our cash position as of 9/30 was approximately $674k. Our 2021 budget shows expected income of $736,600 and expected expenses of $736,367. As you correctly point out, $24,000 of our income (transfer fee income) cannot be used for expenses and must be added to capital reserves, so we will have to use $24k from our operating cash to cover this portion of expenses. Since our cash position includes both operating and reserve accounts, and our expected income is equal to our expected expenses for 2021, we do not anticipate a change in our cash position.