

# IHCA Finance Committee Meeting Minutes

November 14, 2023 | 5:30 pm – 6:30 pm

Zoom Meeting ID: 833 6630 4200

## ROLL CALL

Committee Chair Sanjay Mahajan and Committee Members Minmin Chen, Ryan Hamilton, Josianne Caceras, David Ngai and Paul Cox were present.

Kristyn McKinnon, Accounting Manager, and Blair Krieg, Senior Community Manager were present.

**CALL TO ORDER** at 5:31 pm by Chair Sanjay Mahajan

## TREASURER'S REPORT

### October 2023 Draft Finance Committee Meeting Minutes

*It was moved by Ryan, seconded by Josianne, to approve the October 2023 Finance Committee Meeting Minutes, all present voted aye, motion carried.*

### October 2023 Draft Board of Directors Meeting Minutes

*Provided for informational purposes only.*

### September 2023 Financial Statements

- **Favorable** budget variance at **\$17K**, mainly due to **\$32K** favorable variance due to increased interest rates on CD's and a **\$14K unfavorable** variance for Landscape contracts due to having to pay Bear Creek over a 3% increase, and **\$1K** net favorable variance for accounts under \$10K.

In order to condense the narrative report (normally on pages 11 & 12) to one page, the Accounting Manager has taken out the following information that is repetitive from the top portion or found on the list of bank accounts/CDs.

#### Accounting Report for the Month & Year Ended August 31, 2023

Consolidated Balance Sheet (Incl. Suppl)		Income Statement (Excl. Supplemental)	
Operating-MOB - Checking/MM/Sweep/CD	1,512,214	YTD Actual Operating Expenses	507,696
Operating-Neighborhoods Money Market	28,280	YTD Budget Operating Expenses	517,693
ARC & Builder Checking/MM/CD	203,890	YTD Operating Exp Variance	9,997
CARC Review Fees	70,451	YTD Operating Excess (Deficiency)*	(99,474)
Operating IHCA Contingency/MM/CD	1,151,700	Annual Budgeted Income	3,524,167
Community Gardens Funds MM	34,877	Annual Budgeted Expense	(3,527,283)
Reserve Money Market	3,931,533	Annual Reserve Contribution	(307,520)
Reserve-CD	2,284,987		
Total Cash Position	10,978,162		
AR-Delinquency	41,307		
Allowance for Bad Debts	(0.00)		
Prepaid Assessments	34,133		
Operating Equity	1,637,148		
Contingency Equity/Building (IHCA)	1,151,700		
Reserve Equity	7,266,451		

Stats		Current Mo Interest Income Deposits Yield	
Bilable Residential Units	3,618	Current Month Total Interest Earned	\$21,346
% of Homes on ACH (Debit Payments)	86%	Total CD Investments	\$4,850,685
# of Units in Collections	8	Total Bank Deposits (incl High St Center)	\$11,441,308
YTD Bad Debt Write-offs	\$0	FDIC over \$250K Limit	\$0

#### Balance Sheet Analysis (Consolidated)

- Operating Checking/Sweep Treasury/MM/CD: Balance \$1,513K
  - \$1,266K IHCA Govt Agency backed securities account, and \$200K Operating MM account (0.65% FDIC insured program)
- Operating Neighborhood Money Market: Balance \$28K
  - Neighborhoods available for future neighborhood special projects.
  - First Citizens Money Market (0.65% FDIC insured)
- Community Gardens Operating: Balance \$35K
  - First Citizens Money Market (0.65% FDIC insured)
- ARC & Builder Deposits: Balance \$204K
  - \$10 First Citizens Checking (rate .65%), \$194K MM (0.65% FDIC insured)
- CARC Review Fees Deposits: Balance \$70K
  - First Citizens Checking (rate .65%)
- Operating Contingency Fund MM/CD: Balance \$1,152K
  - Build-up of the Contingency Fund should be approximately three (3) months of IHCA annual budget (approx. \$880K Target)
  - First Citizens Money Market \$246K (0.65% FDIC insured)
  - CD \$75K (Capital One, 5 Yr, 2.15%, 7/17/24); CD \$60K (Fourth Capital Bank/Neighborhood, 2 Yr, 4.6%, 3/17/25)
  - CD \$204K (Maple City Savings Bank, 3 Yr, 4.45%, 3/3/26); CD \$205K (Cooper's Bank, 3 Yr, 4.6%, 3/13/26)
  - CD \$201K (BOK Financial Tulsa, 4 Yr, 4.45%, 6/5/27)
- Reserve Money Market/CD: Total balance \$7,066K
  - Funds from reserve contributions, interest income, and capitalization assessments
  - \$3,932K First Citizens MM (0.65% FDIC insured)
  - 100% of 24 CDs are FDIC insured \$4,064K (see Bank Matrix)
- Allowance for Bad Debts: Balance \$10K
  - Monthly IHCA allowance \$417
  - Current year write-offs \$0, YTD \$0K

YTD Actual Operating Expenses	507,696
YTD Budget Operating Expenses	517,693
YTD Operating Exp Variance	9,997
YTD Operating Excess (Deficiency)*	(99,474)
Annual Budgeted Income	3,524,167
Annual Budgeted Expense	(3,527,283)
Annual Reserve Contribution	(307,520)
Supplemental Neighborhoods	
YTD Excess (Def) of Rev over Exp*	(96,234)
Neighborhoods	
YTD Excess (Deficiency) of Rev over Exp Variance	(49,288)
High Street Center (Calendar Year)	
YTD Excess (Deficiency) of Rev over Exp Variance*	(98,260)
*Net of Reserve Items	
Current Mo Interest Income Deposits Yield	2.22%
Current Month Total Interest Earned	\$21,346
Total CD Investments	\$4,850,685
Total Bank Deposits (incl High St Center)	\$11,441,308
FDIC over \$250K Limit	\$0

#### Accounting Report for the Month & Year Ended August 31, 2023

#### Budget Comparison Analysis (Operating Fund), Excludes Supplemental Neighborhoods

YTD Summary: YTD Excess (Deficiency) of Revenue over Expenses, reserve items and operating contingency, depr is budgeted

Actual (1,637,148) - Budget (3,134K) - Fav \$467K

#### Summary of Significant Budget Comp Variances

Budget Comp compares Actual to Budget (month) - Excludes allocations

Account	Acct #	Fav(Unfav)	Comments
Base Assessments	4000	(21)	Timing of revenue
Shared Cost Assessments	4200	62	Timing of revenue
Payroll & Benefits	Various	22	Down 1 seasonal maint employee
Computers/Software	8400	25	Timing of expenses
Other, net	Various	(22)	Misc expenses < \$10K
Total known Variances		66	
Depreciation	\$766,8701	(11)	Not budgeted (non-cash item)
Timing Variances:			
Neighborhood	Various	12	
Total Variance per Budget Comp		67	

#### Budget Comparison Analysis (Operating Fund) - Supplemental & Neighborhoods

Supplemental Neighborhoods: 11 supplemental neighborhoods (\$89 units). Combined YTD \$90K (Deficit).

Neighborhoods with Excesses/Deficits - primarily due to timing of expenses

Neighborhoods: All 3 Neigh (196 units). Combined YTD total \$49K (Excess).

Neighborhoods with Excesses/Deficits - primarily due to timing of expenses

#### Forecast Analysis (Operating Fund), Excludes Supplemental & Neighborhoods

YTD (Aug 2023 actual)

Forecast - Excess of Budgeted Revenue over Expenses \$18K Favorable (Change of \$14K from previous month)

#### Summary of Significant Variances

Account	Acct #	Fav(Unfav)	Comments
Interest Income	4045	32	Higher interest rates
Landscape Contract	7040	(14)	Paying Bear Creek over 3% increase
Total Fav(Unfav) per Forecast		18	

- Total AR decreased by **\$8K** to **\$38K**. Total AR is **\$17K** higher than the same period last year, mainly due to accounts in collections.
- Collections remain at 8 accounts totaling **\$32K**, which is **78%** of Total **AR**.
- **\$0** was over the FDIC limit.

On the AR graph comparing year to year, the Accounting Manager had changed it to take out comparing by charge code (assessments, fines, legal, etc.) and just showing the **total** owed as of the current month compared to the same period last year. The way Yardi AR aging reports show balances by code is not very accurate, and was very time consuming to look up each account and make adjustments to show the correct charge codes of balances.

*David Ngai and committee agreed that they would like to see by charge code again, so Accounting Manager will present AR data as previously done, starting next month. It was moved by Ryan, seconded by David, to approve the October 2023 financial reports, all present voted aye, motion carried.*

## **NEW BUSINESS**

### **West Highlands Park – Building Repairs**

*It was moved by Ryan, seconded by Josianne, to approve the reserve expense for building repairs totaling **\$2,157.96** for dry rot repairs at Units 983 5th PL NE and 964 4th PI NE in West Highlands Park. All present voted aye, motion approved.*

### **Concord Commons 2423 – Deck Repairs**

*It was moved by Ryan, seconded by Josianne to approve the reserve expense totaling **\$4,194.81** for deck repairs at 2423 NE Park Drive. All present voted aye, motion approved.*

### **Villaggio 2648 – Dry Rot Repairs**

*It was moved by Ryan, seconded by Josianne, to approve the reserve expense totaling **\$4,860.92** for dry rot repairs at Unit 2648 NE Magnolia at Villaggio. All present voted aye, motion approved.*

### **Villaggio 2391 – Dry Rot Repairs**

*It was moved by Josianne, seconded by David, to approve the reserve expense totaling **\$4,183.80** for dry rot repairs at 2391 NE Natalie Way at Villaggio. All present voted aye, motion approved.*

## **ADJOURNMENT**

Chair Sanjay Mahajan adjourned the meeting at 6:15 pm.

## **NEXT MEETING**

Tuesday, January 9th, 2024, from 5:30-6:30 pm.