

Finance Committee
August 2024 Report
Submitted by Martha Martin, Treasurer

Account fraud update. As we communicated back in June, in May of this year we were the victims of fraud. Several bills and unauthorized direct charges were paid from our checking account. I am happy to report that all the monies have been returned, and we suffered no loss as a result.

Additional Security Measures: Immediately following the breach, we closed the account and opened a new one. This resulted in the pause in collecting the monthly fees, and the need to sign up for autopay once more. Thank you for your patience and participation in this endeavor, and thanks to Mill House for quickly acting to minimize the impact, securing our accounts, and creating new protocols to avoid future account encroachments. Moving forward, we added an invoice payment approval step in AppFolio, which now requires review and approval from either the President or the Treasurer.

Defining our Business Terms and Business Practices. It is important for us to be on the same page in understanding how community funds are managed. Since January 2023, your Board has gone to great lengths to simplify our financial approach to addressing operating revenues and expenses.

Plus, for the first time in our HOA history, we developed and now highlight our capital project budget and expenditures for the community to see. And we have added a planning tool known as a proforma, which allows us to plan five to ten years into the future. All to ensure the community is knowledgeable in how we manage our funds, set our project priorities, and handle budget pinch points. This is to avoid the situation we found ourselves in back in 2022 regarding the funding of our roof project.

Over the past year and a half, we have been working to simplify our account reporting, creating the ability to reconcile our reports more easily, and further understanding of the interrelationships between our operating and capital planning goals and our accounts. At the same time, along with Mill House bookkeeping services, we are performing an in-depth review of FY 2022 and 2023 to more clearly understand how our accounts and reporting processes worked, and what we can do to improve upon the process. This is still a work in progress.

Our goal has been to make these tools accessible, understandable, and easy to create. In addition to our comprehensive monthly reports, we will be adding a balance sheet to our monthly reporting. The Balance Sheet will reflect our banking and investment account balances, reconciled back to our monthly reports.

Impact: If you have been at Countryhouse for a while, you are seeing the impact of this new approach as it has evolved. Through this new approach, we have been able to move forward, without delay, on the replacement of roofs without the need for the originally proposed \$11,000 Special Assessment. We have been able to keep the annual HOA fee increases below the originally proposed multi-year 10% increase proffered in 2022. In FY 2024 we saw an 8% increase and are projecting around 5% for FY 2025. That budget is still under development and will be available for discussion in October.

We have been able to keep our community whole, adhere to our annual operating budget, maintain our infrastructure through repairs, and most importantly began including capital projects into the conversation. This has been no small feat! But, with the engagement of the community in discussing our possibilities and opportunities, we have created a workable approach moving forward. And we have been able to solve a problem that had caused great anxiety and concern. We are operating in the black and are on the right track.

Moving forward: We will continue to refine our processes. We will be establishing a series of Business Practices which will guide our current and future Boards in managing our financial resources. We will make sure that we clearly define our terms like “co-mingling of funds” and “reserve interest” in a way that everyone understands. We will ensure we are compliant with the By-Laws governing our community. We will continue with our good stewardship of the community funds as we move into 2025.

As always, we invite your input, your questions, and your suggestions. And I mean that sincerely. We need you to participate. Thank you for doing so and please do not stop!

September is roofing month! This month we enter year two of our roofing project, with twenty-five roofs scheduled to be replaced. For a list of which homes are receiving the roofs, please consult Millhouse Properties and they will give you the schedule. We will notify homeowners of the project schedule.

Insurance Presentation – Part II – follow up on our Jun 18 presentation. Excited to see you for the September 17th where we will present with our insurance industry expert panel latest information for you that will help answer questions you had from the last session. And we invite you to bring additional questions to the session! Presenting will be Robert Taylor from the Morris Agency (the broker for the HOA policy); Matt Phillips from State Farm Insurance, representing the homeowners point of view; Pat Arnold, Countryhouse home owner and retired Insurance Industry expert. Your Treasurer, Martha Martin, will moderate. We will have handouts and after the session we will

forward the slide deck to you so you can click on the links. There is a great deal of useful information here so please do not miss it!

As always, any questions regarding our finances, capital projects planning, vendor contracts, etc., please reach out to me at martha.martin@unc.edu or 984-528-6865.