

The HOA Board would like to present a recap of the financial condition of Shops at Prestonwood HOA.

The January 1, **2018** operating account started the year with only \$15,512 in the bank. The reserve account was only at \$49,316. 116 new homes were budgeted to close in 2018. Only approximately 35 homes were built and closed. The Declarant agreed to pay for repairs to the amenity center, the painting of 17 homes and the rock and stone repair to 20 homes to assist the HOA with expenses. The HOA Board reviewed all contracts in 2018, trying to save money wherever possible.

The good news for **2019** is the January 1, 2019, operating account stands at \$105,640. The reserve account is \$89,092. 43 new homes are scheduled to close in 2019. If the new home closings occur as projected, our CAP fees will increase the reserve account by \$43,000. Additional CAP fees are expected from buyers of existing homes. The HOA Board, with the help of our insurance broker, was able to reduce the cost of our insurance policy, while decreasing the wind/hail deductible from 5% to 2%. The Board was also able to reduce the landscape maintenance contract for 2019. The Board, with the help of the HOA attorney, will begin an aggressive program to collect past due/late homeowner assessments.

The 2019 budget projects operating income of \$859,150, excluding the CAP fees. 17% (\$148,470) is budgeted for landscape maintenance and repair, 30% (\$259,008) is budgeted for insurance and 10.5% (\$90,520) is budgeted for common area maintenance and pool upkeep.

The Board has contracted an audit firm to conduct a financial audit for 2016-2018. The results will be posted on the HOA web site when completed.

The HOA is slowly climbing out of the financial hole that was created by not having a HOA assessment increase in 8 years and from all the deferred maintenance that occurred over 8 years. Please remember that our development is getting older, and it is going to cost more and more to keep it in good condition.

The HOA will continue to post the quarterly balance sheets on the HOA web page as they become available from our accounting firm.