

October 16, 2020

Northfield Homes Association Board
PO Box 807045
Kansas City MO 64180-7045

Northfield Homes Association Financial Review for the calendar years 2016 to 2019 and January through September 2020. This is not an audit but a review to confirm that all bank transactions for each year are represented in the financial statements for the Association.

This review was completed by using cash basis reporting – we compared all transactions from the Community American Checking Account and Money Market account to assure that all credits and debits matched with the entries in QuickBooks (General Ledger) and spot checks were done on individual invoicing to make sure they also matched with the bank and QuickBooks throughout the review period.

All Year-End financials were compared to the 1120H Corporate returns filed for each year and all were found to match.

Please see the side by side comparisons of the Profit & Loss Statement for each year (following this page) – Charts provided for additional details:

- 1) Total income for each year –
 - a. Dividend income as reported on the CACU bank statements
 - b. Finance charges collected on Overdue Fees
 - c. Homes Association Dues \$1,720 for 2016 – 2018, \$1,800 for 2019 & 2020 (see chart A)
 - d. Judgement – past dues fees from Brann Estate
 - e. Transfer Fees – Fees for title transfer at time of sale - \$250 each (see chart B)
 - f. Uncategorized Income – Resident contribution

Profit and Loss side by side following
Chart A, & B following

Northfield Homes Association, Inc. Profit & Loss January 1, 2016 through September 28, 2020

	Jan - Dec 16	Jan - Dec 17	Jan - Dec 18	Jan - Dec 19	Jan 1 - Sep 28, 20	TOTAL
Ordinary Income/Expense						
Income						
Dividend Income	571.03	677.97	701.82	1,937.45	1,143.40	5,031.67
Finance Charges	93.24	122.54	105.72	17.26	90.25	429.01
Homes Association Dues	154,568.28	156,520.00	156,520.00	168,198.90	186,113.12	821,920.30
Judgement	0.00	2,000.00	0.00	0.00	0.00	2,000.00
Legal Fees - Collections	0.00	0.00	0.00	0.00	0.00	0.00
Transfer Fee	500.00	500.00	750.00	2,750.00	3,500.00	8,000.00
Uncategorized Income	0.00	0.00	0.00	0.00	292.48	292.48
Total Income	<u>155,732.55</u>	<u>159,820.51</u>	<u>158,077.54</u>	<u>172,903.61</u>	<u>191,139.25</u>	<u>837,673.46</u>
Gross Profit	<u>155,732.55</u>	<u>159,820.51</u>	<u>158,077.54</u>	<u>172,903.61</u>	<u>191,139.25</u>	<u>837,673.46</u>
Expense						
Snow Services						
Snow Removal - Optional	0.00	450.00	1,500.00	3,150.00	2,075.00	7,175.00
Snow Removal - Required	0.00	2,912.00	3,226.56	11,600.00	2,300.00	20,038.56
Total Snow Services	<u>0.00</u>	<u>3,362.00</u>	<u>4,726.56</u>	<u>14,750.00</u>	<u>4,375.00</u>	<u>27,213.56</u>
Community Maintenance						
Water - Stormwater	0.00	0.00	0.00	0.00	618.21	618.21
Tree Maintenance	800.00	3,680.00	7,139.00	2,767.00	895.00	15,281.00
Tree Planting	875.00	1,725.00	0.00	2,775.00	2,047.49	7,422.49
Repairs - Sidewalk	3,712.50	0.00	0.00	1,500.00	0.00	5,212.50
Repairs - Gazebo/Monume...	0.00	0.00	0.00	0.00	3,825.00	3,825.00
Beautification Committee	0.00	0.00	0.00	1,999.97	868.29	2,868.26
Total Community Maintenance	<u>5,387.50</u>	<u>5,405.00</u>	<u>7,139.00</u>	<u>9,041.97</u>	<u>8,253.99</u>	<u>35,227.46</u>
Legal & Administrative						
Income Tax on Dividends	97.00	166.00	204.00	213.00	649.00	1,329.00
Website Maintenance	598.00	699.00	598.00	598.00	598.00	3,091.00
Legal	1,320.00	2,200.31	729.00	0.00	2,430.00	6,679.31
Insurance Expense	1,745.00	1,965.00	2,304.00	2,348.00	2,040.00	10,402.00
Bad Debt Expense	0.11	0.00	0.00	0.00	0.00	0.11
Governance	147.00	278.62	549.16	335.49	174.44	1,484.71
Total Legal & Administrative	<u>3,907.11</u>	<u>5,308.93</u>	<u>4,384.16</u>	<u>3,494.49</u>	<u>5,891.44</u>	<u>22,986.13</u>
Irrigation						
Water - Irrigation	37,749.87	52,134.32	57,536.98	25,602.83	20,775.08	193,799.08
Repairs - Irrigation	8,857.67	17,531.96	13,116.19	13,080.34	26,349.88	78,936.04
Irrigation - Management	0.00	0.00	0.00	0.00	1,625.00	1,625.00
Electricity - Irrigation	527.54	563.87	498.62	588.60	442.36	2,620.99
Irrigation - Other	0.00	0.00	0.00	0.00	3,155.00	3,155.00
Total Irrigation	<u>47,135.08</u>	<u>70,230.15</u>	<u>71,151.79</u>	<u>39,271.77</u>	<u>52,347.32</u>	<u>280,136.11</u>
Lawn Maintenance						
Non-contract Lawn Care	3,165.23	3,548.00	1,251.58	0.00	1,850.00	9,814.81

Northfield Homes Association, Inc.

Profit & Loss

January 1, 2016 through September 28, 2020

	Jan - Dec 16	Jan - Dec 17	Jan - Dec 18	Jan - Dec 19	Jan 1 - Sep 28, 20	TOTAL
Grounds Annual Contract	70,901.60	84,540.00	85,863.67	82,075.00	65,896.58	389,276.85
Total Lawn Maintenance	74,066.83	88,088.00	87,115.25	82,075.00	67,746.58	399,091.66
Landscape Maintenance	0.00	0.00	0.00	0.00	0.00	0.00
Landscaping Signage Entra...	697.05	1,278.32	0.00	0.00	0.00	1,975.37
Real Estate Taxes	0.00	834.39	0.00	0.00	0.00	834.39
Vinca & Creekbed	6,200.00	1,500.00	0.00	0.00	0.00	7,700.00
Total Expense	137,393.57	176,006.79	174,516.76	148,633.23	138,614.33	775,164.68
Net Ordinary Income	18,338.98	-16,186.28	-16,439.22	24,270.38	52,524.92	62,508.78
Net Income	18,338.98	-16,186.28	-16,439.22	24,270.38	52,524.92	62,508.78

Chart C shows the average annual expenses per unit. 2020 was projected based on totals available from 01/01/20 to 09/30/30.

Expenses listed on the P&L are relatively self-explanatory and details are available upon request. The General Ledger has been run for each year showing detail of each expense and nothing looks out of place or is unaccounted for. The accounts that seem to have changed the most would be Water-Irrigation and Repairs-Irrigation. Since the last review covering 2003-2005 the following has been found.

The last review covered 3 years and this review is basically 5 – in calculating the percentages of the expense versus the total income each year, the Water-Irrigation remained at an average of 24% even though the water in 2017 and 2018 revealed a major issue by almost doubling from 2016.

However, the percentages for Repairs-Irrigation saw a major increase from 3.25% of the total income to 10%. Each year since 2015 has seen a substantial amount of money going to the maintenance of the system. I understand that as many as 17 residents may not be on an active line so obviously when that is corrected, and they are added, you should see these two categories raise accordingly.

Recommendations:

It is recommended, although maybe all too obvious, that something be done to go after an overhaul or update of the irrigation system to try and alleviate such huge maintenance each year.

It is recommended with the issues the irrigation system has had it would also be wise to consider maintaining some continuity when fiscally possible. A company that is very familiar with the irrigation system should also save money in the long run.

It is recommended that bids be taken every couple of years to make sure the lawn maintenance company (including snow removal) is giving the Association a good/fair price.

It is recommended to see if there is a resident that worked with the KCMO Water Department and would be willing to help to make sure the Association is not being overcharged.

It is recommended to put in place a double signature requirement if the amount to satisfy an invoice reaches a certain level. This gives an extra layer of accountability from the board to the residents, and also provides protection and accountability for the one issuing the payments.

To close, the board of the Northfield Homes Association contacted Professional Accounting Services LLC regarding reviewing their financial transactions prior to a change in board members in November 2020. This review period covers January 1, 2016 through September 30, 2020.

We used Bank Statements, Invoices, Reports from QuickBooks including the Balance Sheet, P&L and Annual General Ledger to complete this review. It was found that all transactions, reports and supporting documents (i.e.; invoices) were in excellent order. We hope the information provided will allow the board to know things are in order prior to the changes to the Board representatives in November, and that the recommendations might bring decisions that will save the community money and strengthen the relationship between the board and the residents.

Prepared for the Board of Northfield Homes Association

By Theresa Bird, with Professional Acctg Services LLC

October 16, 2020