Critique: February 2024 Financial Statements

Financial Statements
The financial statements have not been prepared in accordance with Generally Accepted Accounting Principles. At the very minimum, ACC financial statements should include a classified balance sheet, an operating statement of income and retained earnings, and a CIF statement of income and CIF equity. The balance sheet has been omitted. The two income statements indicate that they are for the month ended February 2024 when in fact they are for the two months ended February 29, 2024. There is no reconciliation of changes in retained earnings or CIF equity. Although not required, a statement of cash flows would provide useful information as to the impact of deferrals and accruals, asset acquisitions, and debt service on cash flow.

Insurance Reimbursement
The $3,976 classified as insurance reimbursement most likely is the receipt of the insurance claim for the excess electricity costs associated with the solar panel fire. This is not an insurance reimbursement and since it is an infrequent transaction, it should be reclassified to Other Income.

Bank Fees
Bank fees reported were $400 of which $95 was for the month of January. This leaves $305 in bank fees for February which are substantially more than one would expect for a single month. The monthly average for 2023 was approximately $129.

HOA Umbrella Insurance
It appears that the HOA Umbrella insurance policy of $7,528 was expensed in the current accounting period. The appropriate accounting treatment is for the premium to be recorded as prepaid insurance and amortized over the term of the policy.

Depreciation Expense
The net book value of fixed assets subject to depreciation as of December 31, 2023, was $597,043. Depreciation expense reported in the January 2024 financial statements was $2,901. This has been eliminated and no depreciation expense is being reported as of February 29, 2024. Irrespective of homeowner opinions, Generally Accepted Accounting Principles require that fixed assets must be depreciated over the useful life of the respective assets. The depreciation for the two months ended February 29, 2024, should be $5,802; therefore expenses are understated by this amount.

Secondary Reserve Fund – Solar Panel Project Loan
It appears that the February payment for the internally financed Solar Panel Project loan was not recorded, understating expenses by $2,000. Since we don't have a balance sheet, we are unable to determine whether the money was transferred to the restricted account. Because this was an internally financed loan there are two transactions involved: 1) to record the expense and the related reduction in the contra-equity account Solar Loan Project Loan, and 2) to record the physical transfer of funds from the operating bank account to the restricted bank account.

CIF Interest Earned
The interest earned as reported in the CIF Income Statement was $1,810, of which $1,405 was earned in January, leaving $405 for February. This is substantially less than the average monthly interest earned in 2023 of approximately $1,300.

Alamo Country Club Treasurer's Budget Report - Operating Statement of Income and Retained Earnings For the 2 Months Ended February 29, 2024

	Annual	Actual	Percentage	Remaining
REVENUES				
HOA Dues Assessment	$1,184,940	$194,184	16.4%	$990,756
Administrative Fees	5,000	675	13.5%	4,325
Advertising	3,200	853	26.7%	2,347
Golf Shop Revenue	45,753	14,162	31.0%	31,591
GHIN Revenues	7,800	5,588	71.6%	2,212
Handicap Fees	0	0	-	0
Storage Area	12,000	0	0.0%	12,000
Yard Opt Out Revenue	6,000	915	15.3%	5,085
Insurance Reimbursement	0	3,976 X	-	(3,976)
Other Income	6,000	0	0.0%	6,000
TOTAL REVENUES	$1,270,693	$220,353	17.3%	$1,050,340
EXPENDITURES				
Payroll:				
Salaries - Full Time	$617,771	98,566	16.0%	$519,205
Salaries - Contract	0	0	-	0
Salaries - Overtime/Holiday	10,000	1,353	13.5%	8,647
Payroll Taxes	62,040	8,869	14.3%	53,171
Employee Benefits	7,000	342	4.9%	6,658
Total Payroll	$696,811	$109,130	15.7%	$587,681
Golf Shop:				
Beer, Wine, Pop & Snacks	$23,000	$6,631	28.8%	$16,369
Golf Apparel & Accessories	5,000	$258	5.2%	4,742
Golf Equipment	1,500	$149	9.9%	1,351
GHIN Expense	7,800	$7,756	99.4%	44
Total Golf Shop	$37,300	$14,793	39.7%	$22,507

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Grounds Maintenance:				
Chemicals & Fertilizer	$42,000	$5,020	12.0%	$36,980
Equipment Maintenance	25,000	6,885	27.5%	18,115
Hand Tools	1,500	40	2.6%	1,460
Gazebo & Entrance	0	0	-	-
Equipment Rental	1,500	181	12.1%	1,319
Golf Course Maintenance	18,000	2,887	16.0%	15,113
Sand	9,000	1,537	17.1%	7,463
Seed	1,000	0	0.0%	1,000
Total Grounds Maintenance	$98,000	$16,549	16.9%	$81,451

EXPENDITURES

Maintenance:				
Gas & Oil	$19,000	$2,128	11.2%	$16,872
General Maintenance	20,000	4,231	21.2%	15,769
Housekeeping Supplies	6,000	1,939	32.3%	4,061
Pool & Jacuzzi	15,000	1,870	12.5%	13,130
Security Guard House	1,200	0	0.0%	1,200
Tree Trimming	18,000	108	0.6%	17,892
Truck Maintenance	3,000	1,246	41.5%	1,754
Uniforms	5,000	0	0.0%	5,000
Maintenance Committee	1,000	0	0.0%	1,000
Nature Park Committee	1,000	0	0.0%	1,000
Beautification Committee	1,000	1,000	100.0%	0
Pool Committee	1,000	450	45.0%	550
Workout Equipment	1,000	0	0.0%	1,000
Total Maintenance	$92,200	$12,971	14.1%	$79,229
Office Expenses:				
Copier Rental	$7,000	$1,324	18.9%	$5,676

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Licenses & Permits	3,500	240	6.9%	3,260
Mandatory Training	2,000	14	0.7%	1,986
Bank Fees	1,500	400 X	26.7%	1,100
Ice Machine Rental	0	0	-	-
Office Supplies	6,500	3,524	54.2%	2,976
Internet Meeting Fees	300	170	56.8%	130
Postage	1,200	35	2.9%	1,165
Miscellaneous	0	0	-	0
Employee Christmas Party	1,000	0	0.0%	1,000
Meeting Expense	500	113	22.7%	387
Promotional Marketing	0	0	-	0
Total Office Expenses	$23,500	$5,821	24.8%	$17,679
Professional Services:				
Accounting	$14,000	$5,091	36.4%	$8,909
Audit	0	$3,300	-	(3,300)
Computer Support	8,000	777	9.7%	7,223
Payroll Services	6,000	1,437	24.0%	4,563
Legal Fees	15,000	5,064	33.8%	9,936
Website	500	0	0.0%	500
Other Professional Services	0	0	-	0
Total Professional Services	$43,500	$15,669	36.0%	$27,831
EXPENDITURES				
Insurance & Taxes:				
D & O Policy	$8,073	$0	0.0%	$8,073
Flood	2,085	348	16.7%	1,738
HOA Package (Property only, Gen Liab, Auto)	99,872	13,185	13.2%	86,687
HOA Umbrella	7,212	7,528 X	104.4%	(316)
Pollution Policy	6,466	2,423	37.5%	4,043

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Crime	908	151	16.7%	757
Property Taxes	13,000	0	0.0%	13,000
Total Insurance & Taxes	$137,616	$23,636	17.2%	$113,981
Utilities:				
Electricity	$30,000	$7,553	25.2%	$22,447
Irrigation Water	5,000	358	7.2%	4,642
Natural Gas	17,000	4,908	28.9%	12,092
Telephone and Internet	18,000	2,813	15.6%	15,187
Water-Sewer & Garbage	14,000	2,379	17.0%	11,621
Total Utilities	$84,000	$18,010	21.4%	$65,990
Other Expenses:				
Interest Expense - Solar Project Loan - Alliance Bank	9,628	1,645	17.1%	7,983
Bad Debt Expense	0	0	-	0
Yard Opt Out Expenses	6,000	560	9.3%	5,440
Misc. Expenses	5,000	686	13.7%	4,314
Secondary Reserve Fund - Solar Project Loan	25,000	3,000 X	12.0%	22,000
Total Other Expenses	$45,628	$5,891	12.9%	$39,737
TOTAL EXPENSES	$1,258,555	$222,472	17.7%	$1,036,083
NET INCOME (LOSS)	$12,138	($2,119)		
Plus: Capitalized Costs of CIF Projects		0		

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	Annual	Actual	Percentage	Remaining	
REVENUES					
Fees for Sale of Homes	$98,304	$15,624	15.9%	$82,680	
Interest Earned	13,160	1,810 X	13.8%	11,350	
Misc. Income	20,000	19,160	95.8%	840	
TOTAL REVENUES	$131,464	$36,594	27.8%	$94,870	
EXPENDITURES					
Golf Committee Special Projects	$5,000	$0	0.0%	$5,000	*
Activity Committee Special Projects	3,000	$0	0.0%	3,000	*
Chemical StorageRacks/Cabinets	3,000	$0	0.0%	3,000	*
Clubhouse Remodel	15,000	$0	0.0%	15,000	*
Hydraulic Press	3,500	$0	0.0%	3,500	*
Mower Leases	33,614	$5,421	16.1%	28,193	*
Office Equipment & Furniture	3,000	$0	0.0%	3,000	*
Pump Replace/Repair	35,000	$0	0.0%	35,000	*
Pool & Jacuzzi	6,000	$0	0.0%	6,000	*
Small Tire Changer	2,000	$0	0.0%	2,000	*
Solar Panel Repairs	0	($24,276) -		24,276	
Sprinkler Heads and Irrigation	15,000	$675	4.5%	14,325	*
Utility Cart/Maintenance & Security	12,000	$0	0.0%	12,000	*
Total Project Costs	$136,114	(18,179)	-13.4%	$154,293	
NET INCOME (LOSS)	($4,650)	$54,773			

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