

Home sweet HOA

Fiduciary duty. This is a term board members of HOAs need to understand. Though the board is voluntary, the members have a duty to the association to fairly represent all of its membership, not just the interest of the board members themselves. Here are but a few examples of fiduciary duties the board must meet:

- Accurate and timely accounting reports. All members of an HOA have a right to the financial reports outlining how the association's money is being collected and spent. The Treasurer is responsible for the preparation/review and dissemination of the reports. This should be done monthly but some CC&R's only require it quarterly.

- Minutes. Board meetings must have documented minutes of what happened in the meeting and they must be shared with members upon request. The Secretary of the HOA is responsible for writing and posting the minutes. Some HOAs automatically post the minutes to an HOA website for easy viewing.

- Proper collections. Your HOA should have a collection policy. If it doesn't, it will default to the Davis-Sterling Act. The board has to go through the proper steps to collect on a member who is not paying his/her dues. This is critical to the "health" of the association to collect effectively *and* fairly. More duties discussed next month.

Quote

"Do people pick grapes from thorn-bushes, or figs from thistles? Likewise every good tree bears good fruit, but a bad tree bears bad fruit."

—Matthew 7:16

Q&A

Client: When does your new blog start and what will you talk about?

BKC: Our blog starts January 4th and we will be posting on Tuesdays and Fridays. Tuesdays blogs will discuss all the areas of our services in detail, offering ideas, suggestions, and dialogue on accounting for businesses and HOAs, bookkeeping, Quickbooks tricks and tips, and FAQ. Fridays blogs will be current news and discussions of a timely manner.



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BUSINESS-KEEPERS CONSULTING

...the KEY to keeping business.

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ACCOUNT-ABLE

We continue our discussion on cash received in the cash flow series. Last month we discussed cash received on invoices. Now we discuss Sales Receipts and next month straight Deposits.

Let's have a little refresher on Sales Receipts (SR) as handled in the software, Quickbooks (QB). SR are different than Invoices in QB. Invoices are used for billing a customer and expecting a payment at a later date (accrual accounting). This means the invoice reflects as an Accounts Receivable until collected. Whereas, SR payments are received at the time the SR is generated. So it's a cash basis accounting method. Your customer buys something, you give him/her a receipt and collect the money all in one transaction. No waiting for a payment later.

To record cash received on a SR it is actually much the same way as an invoice, but without the Received Payment step we talked about in last month's issue; again because of the nature of SR you are collecting *at the time* you generate the receipt. Here are the steps:

- Create Sales Receipt
- This causes the money to be automatically entered (in QB) into the Undeposited Funds account to be made into a Deposit in the next

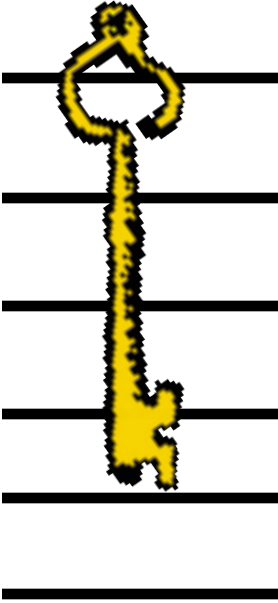


Calendar

Monday, January 17th
Martin Luther King, Jr. Day
(observed)

Monday, January 31st
W2s & 1099s due to recipients

The Sound of Business...



step. However, if this automation is not selected in preferences, you can have the SR money automatically dump into the checking account. This detail is a subject for a later blog.

- Go to Make Deposit and you will see a pop up box reflecting the money collected on the SR ready to be dumped into the checking with this deposit. If you had several SR that day, and you were taking all of the monies to the bank you would select all that are going in one deposit and click OK.
- When SR are dumped *from* Undeposited Funds *into* the Deposit box, this is when you can alter where you want the cash portion of the SR (perhaps it is all cash) to not go to the checking account, but instead to go into the Petty Cash drawer. Simply enter another line underneath the other transactions, type in Petty Cash as the vendor, Petty Cash as the Account, and enter the amount you want to withhold from the deposit as a negative figure. That negative will decrease the deposit you are creating for the checking account, and increase your Petty Cash account. You can do all or some of the cash this way. If it is all, then just enter Petty Cash as the bank accounts to post this deposit to.



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Check out our blog postings on Tuesdays and Fridays starting January 4, 2011

Important Websites:

www.irs.gov
www.caio.org
www.edd.ca.gov
www.boe.ca.gov
www.ftc.gov
www.katchtheday.com
www.business-keepers.com/blog
www.VISITRAINIER.COM



Katch the Day

We continue our KTD series on our Pacific Northwest adventure. Our next stop after the Butchart Gardens in Victoria, BC was back to the states on the ferry and heading straight down Washington State to Mount Rainier National Park. Mt Rainier is the nation's fifth national park established in 1899. There are five developed areas in Mt Rainier but you cannot drive straight through the park like you can other parks. You have to go along the edges because of the

expanse of the mountain range itself. There is good skiing to be had when Paradise Road (the main artery to the mountain) is open.

We chose to visit Paradise because it has the nicest lodging in the whole park, Paradise Inn. It is a beautiful, rustic lodge open May through October. It has a dining room for all three meals (food not that spectacular) and a lovely sitting area near a fireplace with long tables and comfy chairs for many guests to sit around and read or catch up with friends.

The hike through the Paradise meadows is where you want to be. The wildflowers are candy to the eyes. It's a fairly easy hike on a paved path, but not suitable for wheelchairs and no bikes allowed. Don't forget your camera. You will take pictures that look like a postcard!



**May you have a
blessed New
Year!**

KATCH THE PARADISE AND LEAVE THE BUSINESS-KEEPING TO US!