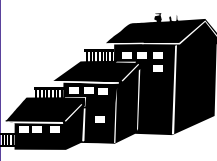


## Home sweet HOA

This is the time that some HOAs are working up a 2010/11 budget. We want to give you a basic outline of what the budget should include:

- Operating Budget Expenses. These are the day-to-day costs of the HOA. Be careful to not just hit “copy and paste” from last year’s budget. The new budget should allow for changes such as expiring and renewing of contracted services with possible increases forthcoming.

- Reserve Contributions. Every unit’s dues must have a certain amount set aside for Reserves. How much is determined by a reserve study. This is



the most important part of the budget because it plans now for repairs in

the future. This prevents the HOA from having to give special assessment for repairs that need to be completed at a certain time to maintain the integrity of the structures.

- Income: Calculate the dues that will be collected in the new year.

- Year end Financial Statement. This report reflects the current year’s budget vs actual income and expenses paid. The shortage or overage will affect the new year’s budget.

A thorough monthly review of the Financial Statement will keep the board members abreast of the shortage/overage. By proactively working with the budget monthly, there will be less surprises when budget time comes.

## Quote

“Wherever you go, I will go; wherever you live, I will live. Your people will be my people, and your God will be my God. —Ruth 1:03

## Q&A

**Client:** What about Quickbooks Payroll?

**BKC:** We are not an advocate of QB payroll. But we are re-assessing the module in the 2011 version. Many moons ago,



Intuit (makers of QB) included payroll with the software. Then as a means to make more money, Intuit broke off the payroll module and now charges extra for it payroll feature. There are good and bad features in QB payroll. We will discuss them in future issues.

# KEEPING LEDGER

The Official Newsletter of  
*business-keepers consulting*



the KEY to keeping business<sup>(R)</sup>

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## BUSINESS-KEEPERS CONSULTING

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## ACCOUNT-ABLE

We continue our discussion on cash in the cash flow series. We will outline in this issue exactly how Generally Accepted Accounting Principles (GAAP) prescribes Petty Cash should be handled:

1. Write a check from your Checking Account to Petty Cash for \$200 and code the check in your accounting system (Quickbooks (QB)) to a “bank” type Petty Cash; not an expense-that comes later. Go to the bank and cash the check obtaining change in various denominations

2. Put the \$200 in a cash box. As needed, pull money out to make small purchases. For example, going to Staples to purchase a box of paper. Have a Cash receipt book in the cash box. Take out \$40 and write on the cash receipt \$40. Now you should have \$160 in cash and a \$40 receipt for the missing cash.



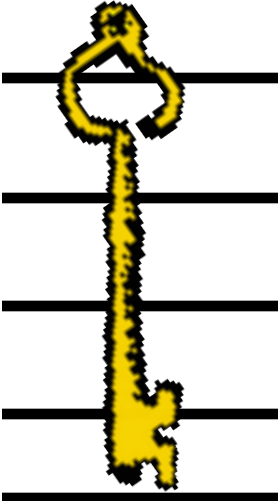
3. Purchase paper for \$32.80 and take receipt back to office cash box. Take \$40 cash receipt, attach to \$32.80 receipt and place the \$7.20 change in cash box. Now your cash box has \$167.20 in cash and \$32.80 in receipts, still totaling the original \$200. The key is to have cash and receipts always *total* the original amount with which you started.

4. Continue steps 2 and 3 until your

## Calendar

Monday, October 11th  
*Columbus Day (observed in some areas)*  
Tuesday, November 2nd  
*Election Day (vote!)*

## The Sound of Business...



cash gets down to a minimal amount you don't want to drop below. Let's say you now have \$21.25 (and your minimum is \$20 on hand) in the cash box and \$178.75 in receipts. Write a check to Petty Cash from Checking for \$178.75. Instead of coding the check to Petty Cash bank account, code the check according to how the money was spent. You will have various receipts totaling \$178.75. The check amount will be \$178.75 but the split below will be the individual charges and the appropriate account. For example, the first line on the split at the bottom of the check in QB will be to Office Expense for \$32.80 and the memo will read Staples. Then go to the next line, and let's say you paid \$40 to have your store front windows cleaned. Select Repairs and Maintenance, \$40, and type in the vendor who did the cleaning. Continue the split until you have accounted for all of the receipts in the cash drawer that equals \$178.75.



Note that the original Petty Cash account stays at \$200 in your QB. That is because at any given time the value of cash, whether it is actual cash or receipts in lieu of cash, equals \$200. This is the proper handling of Petty Cash and a cash box.

Next month we'll discuss other types of cash transactions.



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**Our annual CHOC walk fundraiser Oct 17<sup>th</sup>. Please consider sponsoring our team!**

### Important Websites:

[www.irs.gov](http://www.irs.gov)  
[www.caiooc.org](http://www.caiooc.org)  
[www.edd.ca.gov](http://www.edd.ca.gov)  
[www.boe.ca.gov](http://www.boe.ca.gov)  
[www.ftc.gov](http://www.ftc.gov)  
[www.catchtheday.com](http://www.catchtheday.com)  
[www.business-keepers.com](http://www.business-keepers.com)  
[www.quinaltrainforest.com](http://www.quinaltrainforest.com)



### Katch the Day

We continue our KTD series on our Pacific Northwest adventure. Another hidden treasure of the Hoh Rainforest in the Olympic National Park is the Hoh River. It runs along the south part of the Rainforest. The Hoh camp ground is open year around and has 88 camp sites, first come first served. They have bathrooms but no showers in the whole park! Because it is first come, first served you have a good chance

of catching a great site. Unlike the more popular, reserve-able parks like Sequoia or Yosemite in California, where people know to reserve the perfect camp site 6 months in advance, we walked in and were able to get a campsite right on the water. This is an actual picture taken from our camp site.



Our next stop after Hoh was Quinalt Rainforest. It's south of Hoh. The rainforest is not near as large as Hoh, but still very dramatic. There are several small campsites on the south side of Lake Quinalt along South Shore Drive. North Shore Road is considered in the Olympic National Park and South Shore Rd is in the National Forest. Strangely enough, the lake itself is owned by the Quinalt Indian Tribe. There are jetski races in the summer so the noise bouncing off the surrounding hills is pretty annoying at times. We stayed at Fall Creeks Campground which has 21 campsites. Again, first come first served. What is neat about the sites is they all have their own unique personality. Our site was at the top of a little hill. Another one was through a wall of trees and felt like you were in a treehouse.

**Vote! It's our  
right and  
privilege!**

**KATCH THE RIVER DAY AND LEAVE THE BUSINESS-KEEPING TO US!**