

Home sweet HOA

Common Area Maintenance (CAM) is critical to maintain. Here are some more ideas to keep in mind when addressing CAM costs:

- Try to use different forms of communication to keep the members informed. Don't rely on just the bulletin board. Also post notices via email, a newsletter delivered to each house, and town hall meetings. This will ensure everyone hears the CAM needs at least once.
- Let the voices be heard. Listening to members who are against CAM improvements will tell you where residents' priorities lie. Of course, the board has the ultimate fiduciary duty to make sure the HOA is safe from defects. Perhaps the board is on a kick about the pool beautification and the rest of the residents don't care. Listen to your members.

- Be straightforward with the facts. Don't sugar coat a problem if it is going to explode. Hearty assessments later down the road is no way to build a cohesive community. It is better to face the hard facts now and openly.
- If the CAM project is big, such as roof repairs on several buildings, keep the residents abreast of the progress. Post notices and send out newsletters/emails about the stages and what they can expect.

We have found the best results are from the best communication.

Quote

Love is patient, love is kind. It does not envy, it does not boast, it is not proud. It is not rude, it is not self-seeking... 1 Corinthians 13:4-5

Q&A

Client: Do I pay for my employees' retirement through taxes?

BKC: Yes, all employers by law have to pay into social security 6.2% of each employees' gross wages up to \$106800 (maximum contribution is \$6621.60 per employee). In addition, employers have to pay 1.45% of gross (no limit) for Medicare, per employee. This is every year. Next year, the social security limit will be \$110100 (at the time this went to press).



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ACCOUNT-ABLE

We get a lot of people asking, "What are Financial Statements?" The two main reports that encompass the "Statements" are the Balance Sheet and Income Statement (also known as Profit & Loss Statement). Here is a breakdown of what each report reflects:

Balance Sheet:

- This is an infinite report, meaning it never really stop. Therefore when you run the report it is always *As Of* the end of a period, such as *As Of* October 31st, 2011.
- Bank accounts: are listed on this report first. What you have in liquid cash.
- Accounts Receivable: How much do your customers owe you as reflected in outstanding invoices
- Inventory: You only have this activity if you are purchasing and holding it as Inventory before you sell it. Some companies don't have inventory. The purchases go straight into COGS (See P&L)
- Fixed Assets: This is the account whereby you record your major purchases of machinery, equipment, vehicles, office furnishings, large computers, and Leasehold Improvements (new carpet, etc).



Calendar

Sunday, November 6th
Daylight Savings Time (Fall back one hour)
Friday, November 11th
Veterans Day (observed)
Thursday, November 24th
Thanksgiving (usually observed 24th and 25th)

The Sound of Business (ACCOUNT-ABLE continued)



- Notes Receivable: These are monies someone or something owes the company. If you loaned an employee money, or you loaned another company money, that would be reflected on the Balance Sheet.



Profit & Loss Statement (P&L):

- This is a finite report meaning it has a beginning and an end for a 12 month period; in accounting we call this a Fiscal Year (FY). If you are running a P&L for October 31st it would be from 01/01/11 to 10/31/11, Ten Months Ended (assuming your FY ends in December).
- Income is the first account you will see on a P&L. This is monies you have invoiced (sold in product/services) to your customers.
- Cost of Goods Sold (COGS): This figure(s) reflects how much you spent on the product/labor it took you to make the sale. The cost of your sale, literally. For example, If you are a Dentist, it would be the Medical supplies that go inside the mouth, and the labor to perform the work.
- Expenses (General not COGS): This is the money you spent on every thing other than COGS. Usually includes Rent, Utilities, Advertising, Insurance, Office Supplies, Repairs, etc.

Next month we'll discuss the "types" of accounts within each of these categories.



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We have a blog post: www.business-keepers.com/blog

Important Websites:

<http://www.irs.gov>

<http://caioc.org> (Community Association Institute)

<http://edd.ca.gov>

<http://boe.ca.gov>

<http://www.katchtheday.com>

<http://www.business-keepers.com/blog>

www.meetup.com

<http://www.griffithobservatory.org/>

Daylight Savings Time:

November 6th.

Happy Thanksgiving!

Katch the Day

Autumn nights are a great time to take in the night sky at the Griffith Observatory in Los Angeles. This world famous Observatory, nestled in Griffith Park (a generous donation from Griffith J. Griffith in 1919), is home to the Zeiss Telescope that went to work in 1935 and is the most "looked through" telescope in the world.



Another favorite of the Observatory is the Samuel Oschin Planetarium. The curious thing about the three different shows, besides the instrument that throws all the various light onto the ceiling (pictured here), is that the narration is live; performed each time by an actor who has memorized most, if not all of the script. The Observatory went through a major renovation a few years ago so the new seats in the Planetarium are extremely comfortable and accommodating to the body being semi-horizontal to the ceiling.



Leonard Nimoy (from the original Star Trek series) gave generously to the renovation and the Observatory now includes a theatre named after Nimoy. This theatre hosts a film about the history and renovation of the Observatory (a must see) as well as guest lecturers. In accordance with Griffith's request and generous funds, the Observatory is free of charge. The planetarium show is a modest price. We recommend getting a membership. It guarantees a parking spot and advance reservations to the planetarium shows.

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