

Nepenthe Homeowners Association – Finance Committee

May 19, 2025

Attendees: Carol Duke, John Apostolo, Brian Coates (Board Liaison)

Excused: Julie Valverde

Absent:

Homeowners: Peter Keifer, Cheryl Nelson, Donald Landsittel

<i>Topic</i>	<i>Objective / Info / Decision</i>	<i>Action</i>
Approval of Prior Meeting Minutes and Action Items	<ul style="list-style-type: none"> Duke called the meeting to order @ 4:30pm. 	<ul style="list-style-type: none"> Apostolo moved to approve and seconded by Duke and approved
Financial Statement Approval (March 25, 2025)	<ul style="list-style-type: none"> Last financials from March 2025. 	<ul style="list-style-type: none"> Apostolo moved to approve and seconded by Duke and approved
General Manager Update/Board Liaison	<ul style="list-style-type: none"> No update from Board Liaison, No GM update 	<ul style="list-style-type: none"> Brian to send
Actual vs. Reserve budget variance report 2024 and YTD 2025	<p>1. As the end of April 2025:</p> <ul style="list-style-type: none"> Landscaping Planting actual = \$151,855 which is 34% of 2025 budget, N23275 Landscaping, \$98,000 + \$9,880 needs to move from Operating from Reserve accounts. Corrected amount = \$43,975 Trees includes \$77,000 expense from 2024, Corrected = \$38,319 Structural Repairs 54% spent to date Fencing 52% spent to date Painting 51% spent to date 	<ul style="list-style-type: none"> Waiting for a journal entry to change \$98,000 + \$9,880 from Landscaping-Planting reserves to operating
Cash vs. Accrual Accounting	<ul style="list-style-type: none"> Apostolo presented the pros and cons of cash vs accrual accounting. Presentation attached 	<ul style="list-style-type: none"> Presentation includes action items
Deliverables	<ul style="list-style-type: none"> See action items 	<ul style="list-style-type: none"> Need coversheet for GL 23120 from First Service First Service clarification on Reserve Tracker on footnotes clarifying what each discrepancy and why it occurred Allocation of \$59/month to Reserve Budget to assure reserve accounts are tracked
Homeowner Comments	<ul style="list-style-type: none"> Discussion proceeded on cash vs. accrual accounting Operating budget analysis has not been started. 	<ul style="list-style-type: none">
Adjourn	<ul style="list-style-type: none"> Meeting adjourned @ 5:11PM 	

Next meeting: June 16 @ 4:30PM @ the Clubhouse and Zoom

Submitted by; John Apostolo

2Next meeting: June 16 @ 4:30PM @ the Clubhouse and Zoom
Submitted by; John Apostolo

Nepenthe Homeowners Association

Finance Committee Meeting

May 19, 2025



PROBLEM STATEMENT

- Current cash accounting system employed by Nepenthe does not accurately reflect expenses when they occur

CASH vs. ACCURAL ACCOUNTING

- Definitions:
 - CASH: Records transactions in which revenue and expenses are recognized when the cash is received or paid.
 - ACCURAL: Records transactions in which revenue and expenses are recognized when they are incurred, regardless of when the associated cash is received or paid.

ACCURAL ACCOUNTING

Pros

- Transactions are recognized when they are incurred
- Accurately reflects expenses and revenues for the specific time period
- Increases transparency
- Complies with generally accepted accounting principals
- Highlights present and future financial obligations

Cons

- Switch from cash accounting is not easy
- Change in bookkeeping practice

CASH ACCOUNTING

Pros

- Used in sole-proprietorship
- Simple

Cons

- Expense is recognized when cash is paid, thus cannot match expenses of one period to another
- Not considered a generally accepted accounting principle for financial reporting purposes
- Only provides a financial snapshot at a point in time

NEXT STEPS

- Engage present Nepenthe accountant
- Investigate with First Service other HOA's accounting processes

Thank You



2025 Reserve Component Analysis

Account #	GL#	Reserve Component	2024	2025	2026	2027	2028	2029
18000/242, 368, 376, 493, 533, 920, 924	N23275	Landscaping-Planting	\$ 530,000	\$ 447,829	\$ 556,831	\$ 399,526	\$ 409,515	\$ 419,752
		Actuals at 2/6/25		\$ 149,495				
		Actuals at 2/27/25		\$ 990				
		Actuals at 3/26/25		\$ 635				
		Actuals at 4/30/25		\$ 735				

2025 Reserve Component Analysis

Account #	GL#	Reserve Component	2024	2025	2026	2027	2028	2029
18000/105,155,928	23133	Irrigation	\$ 127,200	\$ 151,653	\$ 218,048	\$ 35,757	\$ 36,651	\$ 37,567
		Actuals at 2/7/25		\$ 965				
		Actuals ar 2/27/25		\$ 615				
		Actuals at 3/26/25		\$ 875				
		Actuals at 4/30/25		\$ 24,235				

2025 Reserve Component Analysis

Account #	GL#	Reserve Component	2024	2025	2026	2027	2028	2029
18000/365, 368, 380	N23282	Trees	\$ 248,782	\$ 422,141	\$ 200,459	\$ 182,040	\$ 186,591	\$ 191,256
		Actuals at 2/7/25		\$ 77,212				
		Actuals at 2/27/25		\$ 31,840				
		Actuals at 3/26/25		\$ 630				
		Actuals at 4/30/25		\$ 5,637				

2025 Reserve Component Analysis

Account #	GL#	Reserve Component	2024	2025	2026	2027	2028	2029
4000	L23136	Structural Repairs		\$ 1,255,296				
		Actuals at 2/7/25		\$ 183,826				
		Actuals at 2/27/25		\$ 203,895				
		Actuals at 3/26/25		\$ 88,917				
		Actuals at 4/30/25		\$ 205,755				

2025 Reserve Component Analysis

Account #	GL#	Reserve Component	2024	2025	2026	2027	2028	2029
19000	23127	Fencing		\$ 654,564				
		Actuals at 2/7/25		\$ 118,522				
		Actuals at 2/27/25		\$ 42,016				
		Actuals at 3/26/25		\$ 61,073				
		Actuals at 4/30/25		\$ 120,853				

2025 Reserve Component Analysis

Account #	GL#	Reserve Component	2024	2025	2026	2027	2028	2029
3000	L23135	Painting		\$ 332,048				
		Actuals at 2/7/25		\$ 39,425				
		Actuals at 2/27/25		\$ 26,975				
		Actuals at 3/26/25		\$ 41,500				
		Actuals at 4/30/25		\$ 62,250				

2025 Reserve Component Actuals

Account #	GL#	Reserve Component		2025	Actuals %	Corrected	Actuals %
18000/242, 368, 376, 493, 533, 920, 924	N23275	Landscaping-Planting	Total Budget	\$ 447,829		\$ 43,975	10%
			Actuals	\$ 151,855	34%		
18000/105,155,928	23133	Irrigation	Total Budget	\$ 151,653			
			Actuals	\$ 26,690	18%		
18000/365, 368, 380	N23282	Trees	Total Budget	\$ 422,141		\$ 38,319	9%
			Actuals	\$ 115,319	27%		
4000	L23136	Structural Repairs	Total Budget	\$ 1,255,296			
			Actuals	\$ 682,393	54%		
19000	23127	Fencing	Total Budget	\$ 654,564			
			Actuals	\$ 342,464	52%		
3000	L23135	Painting	Total Budget	\$ 332,048			
			Actuals	\$ 170,150	51%		

Note: Actuals through 4/30/25. Four Months/One-third of year to date.

Reserve Tracker - Updated 4/30/25

GL Code	Reserve Component	2024 Expenditures Actual	2025 Projected Expenditures - Per Reserve Study	2025 Expenditures Year to Date Actual Last Month End	2025 Approved Pending Expenditures	UNCOMMITTED 2025 Projected Expenditures	2026 Projected Expenses - Per Reserve Study
22872	14000 - Recreation	\$0.00	\$0				\$35,419
22960	03500 Painting: Interior	\$0.00	\$0				\$5,253
23014	02000 Concrete	\$230,354.00	\$13,910		\$8,862.00	\$5,048.00	\$178,685
23103	Reserve Interest	\$0.00	\$0				\$0
23120	05000 - Roofing	\$58,871.03	\$882,580	\$9,052.00	\$5,970.00	\$867,558.00	\$267,630
23122	12000 - Pool & 13000 - Spa	\$39,956.62	\$26,336		\$4,540.00	\$21,796.00	\$50,163
23127	19000 - Fencing	\$703,666.47	\$654,564	\$259,533.91	\$120,856.04	\$274,174.05	\$727,236
23133	18000/105,155,928 Landscaping-Irrigation	\$186,885.00	\$151,653	\$19,255.00	\$24,235.00	\$108,163.00	\$155,444
23146	21000 - Signage	\$2,279.32	\$5,740	\$766.12	\$145.47	\$4,828.41	\$20,881
23178	01000 Paving	\$0.00	\$0		\$12,421.00	\$12,421.00	\$6,304
23199	31000 - Reserve Study	\$6,600.00	\$0			\$0.00	\$0
L23133	26000 - Outdoor Equipment/Benches		\$0				\$0
L23135	03000 Painting: Exterior	\$274,963.34	\$332,048	\$107,900.00	\$62,250.00	\$161,898.00	\$378,662
L23136	04000 - Structural Repairs	\$1,715,623.78	\$1,255,296	\$540,943.91	\$205,760.22	\$508,591.87	\$903,481
N22912	23000 - Mechanical Equip	\$0.00	\$0			\$0.00	\$0
N22991	20000 - Lighting	\$8,189.00	\$15,107			\$15,107.00	\$15,485
N23017	08000 - Rehab, 22000 - Office Equipment, 24000 -	\$45,353.17	\$179,580	\$2,737.79	\$1,680.56	\$175,161.65	\$66,777
N23130/23130	32000 - Undesignated	\$279,368.76	\$9,235		\$110,614.00	\$101,379.00	\$0
N23274	17000 - Tennis Court	\$0.00	\$0			\$0.00	\$11,369
N23275	18000/242, 368, 376, 493, 533, 920, 924 - Landscaping	\$627,315.00	\$447,829	\$277,400.00	\$735.00	\$169,694.00	\$469,472
N23282	18000/365, 368, 380 - Landscaping-Trees	\$218,040.25	\$422,141	\$127,807.50	\$5,637.50	\$288,696.00	\$408,524
N22911	30000 - Miscellaneous / Underground Utilities	\$9,935.00	\$58,091	\$2,495.00		\$55,596.00	\$59,544
	Totals	\$4,407,400.74	\$4,454,110	\$1,347,891.23	\$563,706.79	\$2,542,511.98	\$3,760,329
						\$0.00	

Total Reserve Spent in 2025 (includes completed and pending expenses)

\$1,911,598.02