

**MINUTES OF A MEETING
OF THE
BUDGET & FINANCE COMMITTEE
OF
CEDAR RUN HOMEOWNERS ASSOCIATION**

HELD October 29, 2021

A meeting of the Budget & Finance Committee (the "Committee") of the Cedar Run Homeowners Association (the "Cedar Run HOA") was held at 5:30 p.m. on October 29, 2021.

Present via telephone were Mrs. Denise Stallworth as Committee Chair, members of the Board of Directors Mr. Rick Taylor (President), Mr. James L. Stallworth (Vice President), and Ms. Tiffany Burton (Treasurer), collectively (the "Board").

Mrs. Stallworth acted as Chairperson and recorded the minutes of the meeting.

The minutes of the previous meeting held on October 26, 2020 were approved.

The Committee presented the proposed 2022 Annual Budget and assessments (the "Budget") that is based on financial information such as the reserve analysis, bids for contracts, projections for service increases, comparisons of past years' budget trends and many other details to project expenses for the coming year.

The Board recognized many people were impacted by the COVID-19 pandemic either financially or emotionally and inquired whether the Community could afford not to raise assessments for the 2022 calendar year. In preparation of the Budget, the Committee sought assistance from Ms. Sarah Lassiter of Associa Community Group (the "Community Property Manager") regarding this matter. Mrs. Stallworth stated "Although the Assessment Allocation schedule in the Reserve Study Analysis report dated May 13, 2019 (the "Reserve Study") recommended a modest annual increase to properly maintain the reserve fund to cover expenditures, the community financial reports over the past year show that our Association's reserves are moderately stable and are being utilized effectively. The Association has been diligent in managing its costs by looking for favorable pricing, monitoring our vendors and warranties, and homeowner's who volunteer their time to offset expenses. However the Reserve Study has an anticipated \$1,360.00 expense for calendar year 2022 for dry, fine grade & seed the pond slopes. The Committee is not sure if this is a necessary expense for next year and wants to have that reevaluated when the Community has to perform the next Reserve Study by 2024 to be in compliance with State mandates."

The Committee along with the Community Property Manager, reviewed the Association's finances and found it feasible to move forward without imposing an increase for next year. In her email communication on October 7, 2021, Ms. Lassiter also discussed the pond slope expenditure mentioned in the Reserve Study. She stated "The item mentioned in the reserve study is one of those items placed that may or may not warrant attention. Your study also has another big wildcard, dredging of the pond that may or may not be necessary. Understandably, sediment buildup can occur and require attention but when/if we will need to address it at some point is unknown." She further responded to the Reserve Study legal requirement by stating "While we are obligated to update the study every 5-years per VA law, we also have the option to update the study on a more frequent basis as well. This is typically done at an hourly rate with the reserve specialist and I would not anticipate it being a costly endeavor."

The Committee requested the proposed budget be prepared with no increase in the assessments. The Community Property Manager provided the proposed budget that included notes with the rationale for each line item allocation and the trend report showing historical figures from prior years per standard operating procedures.

The Committee reviewed the proposed Budget and noted that the assessments and all budget items are in line with expected costs for the upcoming year. After a thorough discussion with the attendees, including Board member recommendations and comments, upon motion duly made and seconded, the Committee approved the 2022 Cedar Run Annual Budget totaling \$41,790.00 with an assessment amount of \$325.00 (copy attached hereto and made a part hereof) for adoption by the Board of Directors of the Cedar Run Homeowners Association. The Committee advised the Board that the Budget must be adopted by November 15, 2021 in order to comply with the submission deadline to Associa Community Group for distribution to the homeowners.

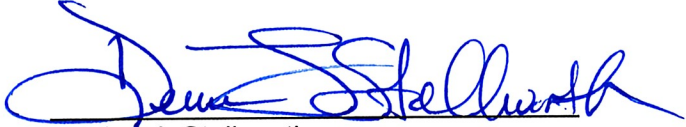
The breakdown of the approved 2022 Cedar Run Annual Budget for each homeowner (125 homes) is as follows:

<u>Item</u>	<u>Description:</u>	<u>Amount:</u>
Yearly Assessments	Assessment Dues Paid by Homeowners	325.00
TOTAL ASSESSMENT		325.00
Grounds & Landscaping	Landscaping Services	98.67
Reserve Contributions	Cover Financial Deficits, Fence & Sign Maint. & Repairs	84.80
Other Contracted Services	Financial, Legal, Collection Agency	38.64
Administrative Expenses	Postage, Printing & Copying, Website, General Admin.	37.88
Management Fees	Contracted Community Management Services	40.00
Insurance	Community Insurance Coverage	20.00
Taxes & Corporate Fees	Community Tax Return Preparation & Filing, Registered Agent	4.20
Utilities	Water Service for Irrigation on Common Area	0.80
TOTAL COMMUNITY EXPENSES COVERED BY ASSESSMENT		325.00

The Committee noted it will review and work with the Community Property Manager to look further into Ms. Lassiter's recommendations regarding the Reserve Study before the next cycle.

The Committee also discussed issues of topical interest such as the association's response to the continuing COVID-19 global pandemic, annual meeting, activities, and status of delinquency collections. The Committee noted that although the community is in stable financial health, the association must continue working on decreasing the delinquency rate to maintain its reserve funds so that the HOA will be able to meet its operating as well as repair and replacement obligations.

There being no further business and upon motion duly made and seconded, the meeting was adjourned.


 Denise J. Stallworth
 Chairperson



Interactive Reserve Analysis
 Copyright © 2018 DMA Reserves, Inc.

ASSESSMENT ALLOCATION CEDAR RUN HOA

TOTAL BUDGET

Year	Reserve Assessment	Operating Budget Assessment*	Total Assessment	Reserves as a Percentage of Total Assessment	Annual Increase In Total Assessment	Special Assessments
2019	\$9,118.00	\$29,007.00	\$38,125.00	23.92%		\$0.00
2020	\$9,464.48	\$29,877.21	\$39,341.69	24.06%	3.19%	\$0.00
2021	\$9,824.13	\$30,773.53	\$40,597.66	24.20%	3.19%	\$0.00
2022	\$10,197.45	\$31,696.73	\$41,894.18	24.34%	3.19%	\$0.00
2023	\$10,584.95	\$32,647.63	\$43,232.59	24.48%	3.19%	\$0.00

* Operating budget is increased annually at 3%.

ALLOCATION CALCULATIONS

Total Number of Units	<u>125</u>
Unit Type	Homes
Percentage Allocation To Unit Type	100.00%
Number of Units of This Type	125

Annual Contribution Per Unit Type

Year	Reserve Assessment	Operating Budget Assessment	Total Assessment	Special Assessments
2019	\$72.94	\$232.06	\$305.00	\$0.00
2020	\$75.72	\$239.02	\$314.73	\$0.00
2021	\$78.59	\$246.19	\$324.78	\$0.00
2022	\$81.58	\$253.57	\$335.15	\$0.00
2023	\$84.68	\$261.18	\$345.86	\$0.00

Monthly Contribution Per Unit Type

Year	Reserve Assessment	Operating Budget Assessment	Total Assessment	Special Assessments
2019	\$6.08	\$19.34	\$25.42	\$0.00
2020	\$6.31	\$19.92	\$26.23	\$0.00
2021	\$6.55	\$20.52	\$27.07	\$0.00
2022	\$6.80	\$21.13	\$27.93	\$0.00
2023	\$7.06	\$21.77	\$28.82	\$0.00

Budget Summary Report Cedar Run 2022 Budget

	<u>2022 Budget</u>
Assessment Income	
4000 - Residential Assessments	40,625.00
4120 - Working Capital	165.00
Total Assessment Income	40,790.00
Collections Income	
4700 - Notice fees	400.00
4710 - Late Fees	600.00
Total Collections Income	1,000.00
Total Operating Income	41,790.00
Administrative	
5000 - General Administrative	100.00
5020 - Board Support	500.00
5025 - Collection Charges	400.00
5027 - Welcome Committee	250.00
5107 - Neighborhood Watch	100.00
5115 - Web Site Maintenance	1,000.00
5195 - Other Administrative Services	100.00
5200 - Social Events	50.00
5210 - Printing & Copying	1,185.00
5215 - Postage	1,050.00
Total Administrative	4,735.00
Insurance	
5400 - Insurance Premiums	2,500.00
Total Insurance	2,500.00
Utilities	
6025 - Water Service	100.00
Total Utilities	100.00
Landscaping	
6100 - Grounds & Landscaping - Contract	11,760.00
6199 - Landscape Other	1,740.00
Total Landscaping	13,500.00
Operations	
6300 - Corporate fees	115.00
Total Operations	115.00
Professional Services	
7000 - Audit & Tax Services	410.00
7015 - Financial Services	4,080.00
7020 - Legal & Collection Services	750.00
7040 - Management Fees	5,000.00
Total Professional Services	10,240.00
Reserve Expenses	
9834 - Contingency Reserves	1,600.00
9852 - Fence Reserves	4,500.00

Budget Summary Report
Cedar Run
2022 Budget

	<u>2022 Budget</u>
Reserve Expenses	
9946 - Sign Reserves	4,500.00
Total Reserve Expenses	10,600.00
Total Operating Expense	41,790.00
Operating Funds	
1220 - OP Petty Cash - South State #4375	0.00
Total Operating Funds	0.00
Total Operating Assets	0.00
Total Association Net Income / (Loss)	0.00

CEDAR RUN - APPROVED BUDGET SUMMARY 2022 BUDGET

<u>Account Numbers & Name</u>	<u>Description:</u>	<u>2020 Actual</u>	<u>2021 Budget</u>	<u>2021 Projected</u>	<u>2022 Budget</u>	<u>Budget % Change</u>	<u>Monthly Avg Budget</u>
4000 Residential Assessments	Assessment Dues Paid by Homeowners	39,375.00	40,625.00	40,625.00	40,625.00	0.00%	3,385.42
4120 Working Capital	Income Fees for Homes Sold within the Fiscal Year	307.50	244.00	225.00	165.00	-32.38%	13.75
	Total Assessment Income	39,682.50	40,869.00	40,850.00	40,790.00	-0.19%	3,399.17
4700 Notice Fees	Notices Sent for Late Assessments	500.00	500.00	335.00	400.00	-	33.33
4710 Late Fees	Late Fees on Assessments	870.00	900.00	540.00	600.00	-33.33%	50.00
	Total Collections Income	1,370.00	1,400.00	875.00	1,000.00	-28.57%	83.33
4810 Compliance Fines	Fines Collected for ARC Violations	-	-	-	-	-	-
	Total Other Income	-	-	-	-	0.00%	-
	TOTAL OPERATING INCOME	41,052.50	42,269.00	41,725.00	41,790.00	-1.13%	3,482.50
5000 General Administrative	Committee / General Admin Expenses	93.00	100.00	-	100.00	0.00%	8.33
5020 Board Support	Reimbursement for BOD Meeting Refreshments	37.90	500.00	40.00	500.00	0.00%	41.67
5025 Collection Charges	Collection Charges, Notice and Referral Fees	275.00	530.00	50.00	400.00	-24.53%	33.33
5027 Welcome Committee	Welcome, Bereavement, and Birth Baskets	43.11	250.00	-	250.00	0.00%	20.83
5107 Neighborhood Watch	Neighborhood Watch and Events, i.e. National Night Out	-	100.00	-	100.00	0.00%	8.33
5115 Web Site Maintenance	Community Website, Smartwebs Online System for ARC	422.10	500.00	500.00	1,000.00	100.00%	83.33
5195 Other Administrative Services	Allowable Misc. Charges by Management Co. per Contract	-	100.00	-	100.00	0.00%	8.33
5200 Social Events	Community Social Events, i.e. Christmas Party, Yard of Month	-	100.00	-	50.00	-50.00%	4.17
5210 Printing & Copying	Meeting Materials, Budget & Annual Inspection Notifications	556.09	1,452.00	805.00	1,185.00	-18.39%	98.75
5215 Postage	Mailings for Materials and Notifications	557.06	1,050.00	850.00	1,050.00	0.00%	87.50
	Total Administrative Expenses	1,984.26	4,682.00	2,245.00	4,735.00	1.13%	394.58
5400 Insurance Premiums	Community Insurance Coverage	2,177.00	2,500.00	2,267.00	2,500.00	0.00%	208.33
	Total Insurance Expenses	2,177.00	2,500.00	2,267.00	2,500.00	0.00%	208.33
6025 Utilities	Water Service for Irrigation on Common Areas	93.90	125.00	96.00	100.00	-20.00%	8.33
	Total Utilities Expenses	93.90	125.00	96.00	100.00	-20.00%	8.33
6100 Grounds & Landscaping - Contract	Contracted Landscaping Services	11,760.00	11,760.00	11,760.00	11,760.00	0.00%	980.00
6199 Landscape Other	Other Landscaping Services Beyond Contract	1,314.00	1,850.00	235.00	1,740.00	-5.95%	145.00
	Total Landscaping Expenses	13,074.00	13,610.00	11,995.00	13,500.00	-0.81%	1,125.00
6300 Corporate Fees	SCC Annual Fee, DPOR Annual Renewal	35.00	105.00	115.00	115.00	9.52%	9.58
	Total Operations (Corporate Fees) Expenses	35.00	105.00	115.00	115.00	9.52%	9.58

CEDAR RUN - APPROVED BUDGET SUMMARY 2022 BUDGET

<u>Account Numbers & Name</u>	<u>Description:</u>	<u>2020 Actual</u>	<u>2021 Budget</u>	<u>2021 Projected</u>	<u>2022 Budget</u>	<u>Budget % Change</u>	<u>Monthly Avg Budget</u>
7000 Audit & Taxes	Community Tax Return Preparation & Filing	393.00	401.00	401.00	410.00	2.24%	34.17
7015 Financial Services	Financial Services Provided by Management Company	3,693.24	3,816.00	3,815.37	4,080.00	6.92%	340.00
7020 Legal & Collection Services	Legal and Collection Agency Services, Registered Agent Fees	505.00	750.00	135.00	750.00	0.00%	62.50
7040 Management Fees	Contracted Community Management Services	<u>3,889.32</u>	<u>4,780.00</u>	<u>3,707.81</u>	<u>5,000.00</u>	<u>4.60%</u>	<u>416.67</u>
	Total Professional Services Expenses	8,480.56	9,747.00	8,059.18	10,240.00	5.06%	853.33
9834 Contingency Reserves	Reserves To Cover Financial Deficits (i.e. Retained Earnings)	5,320.00	2,500.00	2,500.00	1,600.00	-36.00%	133.33
9852 Fence Reserves	Reserves for Fence Repairs & Maintenance	3,855.00	4,500.00	4,500.00	4,500.00	0.00%	375.00
9946 Sign Reserves	Reserves for Repairs & Maintenance of Marquees	<u>3,289.00</u>	<u>4,500.00</u>	<u>4,500.00</u>	<u>4,500.00</u>	<u>0.00%</u>	<u>375.00</u>
	Total Reserve Expenses	12,464.00	11,500.00	11,500.00	10,600.00	-7.83%	883.33
	TOTAL OPERATING EXPENSES	<u>38,308.72</u>	<u>42,269.00</u>	<u>36,277.18</u>	<u>41,790.00</u>	<u>-1.13%</u>	<u>3,482.50</u>

INCOME STATEMENT SUMMARY

TOTAL OPERATING INCOME	41,052.50	42,269.00	41,725.00	41,790.00	-1.13%	3,482.50
TOTAL OPERATING EXPENSES	<u>38,308.72</u>	<u>42,269.00</u>	<u>36,277.18</u>	<u>41,790.00</u>	-1.13%	<u>3,482.50</u>
TOTAL ASSOCIATION NET INCOME / (LOSS)	<u>2,743.78</u>	<u>-</u>	<u>5,447.82</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>

NOTES

4000 Residential Assessments	Assessments per review
5000 General Administrative	Miscellaneous Expenses
5020 Board Support	Annual Meeting Cookout and Refreshments for other BOD/HOA Meetings
5027 Welcome Committee	Budget reviewed and remains as \$250
5107 Neighborhood Watch	Budget reviewed and remains at \$100 for Misc Expenses
5200 Social Events	Budget reviewed and remains at \$50 for fundraising event signs
6199 Landscaping Other	Budget reviewed and revised to \$1,740.00

**CEDAR RUN - APPROVED SPREAD ALLOCATION
2022 BUDGET**

Account Numbers & Name	Description:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Assessment Income														
4000 Residential Assessments	Assessment Dues Paid by Homeowners	40,625	0	0	0	0	0	0	0	0	0	0	0	40,625.00
4120 Working Capital	Income Fees for Homes Sold within the Fiscal Year	0	0	41.25	0	0	41.25	0	0	41.25	0	0	41.25	165.00
	Total Assessment Income	40,625	0	41.25	0	0	41.25	0	0	41.25	0	0	41.25	40,790
Collections Income														
4700 Notice Fees	Notices Sent for Late Assessments	0	400	0	0	0	0	0	0	0	0	0	0	400.00
4710 Late Fees	Late Fees on Assessments	0	600	0	0	0	0	0	0	0	0	0	0	600.00
	Total Collections Income	0	1,000	0	0	0	0	0	0	0	0	0	0	1,000
Other Income														
4810 Compliance Fines	Fines Collected for ARC Violations	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL INCOME	40,625	1,000	41.25	0	0	41.25	0	0	41.25	0	0	41.25	41,790
Administrative														
5000 General Administrative	Committee Admin Expenses	0	0	25	0	0	25	0	0	25	0	0	25	100.00
5020 Board Support	Reimbursement for BOD Meeting Refreshments	0	50	0	350	0	0	0	50	0	50	0	0	500.00
5025 Collection Charges	Collection Charges, Notice and Referral Fees	0	400	0	0	0	0	0	0	0	0	0	0	400.00
5027 Welcome Committee	Welcome, Bereavement, and Birth Baskets	0	0	62.50	0	0	62.50	0	0	62.50	0	0	62.50	250.00
5107 Neighborhood Watch	Neighborhood Watch and Events, i.e. National Night Out	0	0	25	0	0	25	0	0	25	0	0	25	100.00
5115 Web Site Maintenance	Community Website, Smartwebs Online System for ARC	0	0	89.50	144	0	89.50	0	0	89.50	0	498	89.50	1,000.00
5195 Other Administrative Services	Allowable Misc. Charges by Management Co. per Contract	0	0	25	0	0	25	0	0	25	0	0	25	100.00
5200 Social Events	Community Social Events, i.e. Christmas Party, Yard of Month	0	0	0	0	0	50	0	0	0	0	0	0	50.00
5210 Printing & Copying	Meeting Materials, Budget & Annual Inspection Notifications	0	0	296.25	0	0	296.25	0	0	296.25	0	296.25	0	1,185.00
5215 Postage	Mailings for Materials and Notifications	0	0	162.50	0	0	362.50	0	0	162.50	0	362.50	0	1,050.00
	Total Administrative	0	450	686	494	0	936	0	50	686	50	1,157	227	4,735
Insurance														
5400 Insurance Premiums	Community Insurance Coverage	0	1,000	0	0	0	0	1,500	0	0	0	0	0	2,500.00
	Total Insurance	0	1,000	0	0	0	0	1,500	0	0	0	0	0	2,500
Utilities														
6025 Utilities	Water Service for Irrigation on Common Areas	0	0	25.00	0	0	25.00	0	0	25.00	0	0	25.00	100.00
	Total Utilities	0	0	25.00	0	0	25.00	0	0	25.00	0	0	25.00	100
Landscaping														
6100 Grounds & Landscaping - Contract	Contracted Landscaping Services	980	980	980	980	980	980	980	980	980	980	980	980	11,760.00
6199 Landscape Other	Other Landscaping Services Beyond Contract	0	0	0	435.00	0	435.00	0	435.00	435.00	0	0	0	1,740.00
	Total Landscaping	980	980	980	1,415	980	1,415	980	1,415	1,415	980	980	980	13,500
Operations														
6300 Corporate Fees	SCC Annual Fee, DPOR Annual Renewal	0	80	0	0	35	0	0	0	0	0	0	0	115.00
	Total Operations	0	80	0	0	35	0	0	0	0	0	0	0	115
Professional Services														
7000 Audit & Taxes	Community Tax Return Preparation & Filing	0	0	0	0	0	0	0	0	410	0	0	0	410.00
7015 Financial Services	Financial Services Provided by Management Company	340	340	340	340	340	340	340	340	340	340	340	340	4,080.00
7020 Legal & Collection Services	Legal and Collection Agency Services, Registered Agent Fees	0	0	135	0	0	205	0	0	205	0	0	205	750.00
7040 Management Fees	Contracted Community Management Services	416.66	416.67	416.67	416.66	416.67	416.67	416.66	416.67	416.67	416.66	416.67	416.67	5,000.00
	Total Professional Services	756.66	756.67	891.67	756.66	756.67	961.67	756.66	756.67	1,371.67	756.66	756.67	961.67	10,240
Reserve Expenses														
9834 Contingency Reserves	Reserves To Cover Financial Deficits (i.e. Retained Earnings)	0	0	400.00	0	0	400.00	0	0	400.00	0	0	400.00	1,600.00
9852 Fence Reserves	Reserves for Fence Repairs & Maintenance	0	0	1,125.00	0	0	1,125.00	0	0	1,125.00	0	0	1,125.00	4,500.00
9946 Sign Reserves	Reserves for Repairs & Maintenance of Marquees	0	0	1,125.00	0	0	1,125.00	0	0	1,125.00	0	0	1,125.00	4,500.00
	Total Reserve Expenses	0	0	2,650	0	0	2,650	0	0	2,650	0	0	2,650	10,600
	TOTAL EXPENSES	1,736.66	3,266.67	5,232.42	2,665.66	1,771.67	5,987.42	3,236.66	2,221.67	6,147.42	1,786.66	2,893.42	4,843.67	41,790.00
	NET INCOME / (LOSS)	38,888.34	(2,266.67)	(5,191.17)	(2,665.66)	(1,771.67)	(5,946.17)	(3,236.66)	(2,221.67)	(6,106.17)	(1,786.66)	(2,893.42)	(4,802.42)	0.00