

2015

MKLA and Lakeshore Treasure's Handbook

A timeline of required activities and a detailed set of helpful instructions, guidelines and directions to available tools to help you with your responsibilities



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Overview and Background

First of all, don't be daunted by the size of this manual. It's meant to be comprehensive so that whenever you are uncertain, you have a resource. But once you get your feet underneath you with regard to the job, you have a great deal of latitude to do things as you prefer.

This guide is in three parts. The **Set Up Guide** helps step you through all the things you will need to put in place at the beginning of your first term. The **Treasure's Calendar** serves as your "to do list" – i.e. a quick guide to activities you should be attending to at any given time – but it doesn't provide much detail as to how to accomplish any of those tasks. For additional detail about how to make particular entries in Quickbooks or where to go in the files or for other instructions, go down to the third section on **How To**.

The **How To** section describes many tools and procedures available to you, but as long as you are consistent w/ Bylaws, GAAP and Board Resolutions, you can do things however you find effective and efficient.

Some Best Practices

- Backup computer files frequently!!!! Keep backup files somewhere other than where you keep your computer. Backup copies that flood or go up in flames w/ the computer aren't much use!
- When sending an email to many members, put their email addresses in the BCC area, not the SEND TO area. This will avoid broadcasting long lists of addresses into cyberspace where hackers, spammers and spoofers hungrily wait to scoop them up out of such emails.
- You will be criticized and/or attacked more than occasionally. People who owe money, people who want particular work done, people who want less work done (i.e. less spending) will all occasionally yell at you or send you nasty emails. Don't take it personally. It is NOT your job to defend the Bylaws and/or Board actions. It is merely your job to implement them. When someone complains or argues w/ you about penalties, fees, projects, whatever – your response should be calm, maybe even sympathetic (although you should avoid publically criticizing Board or Community decisions). Just point out that this is what the Community/Board has asked for and if it should be changed, that should be taken up w/ the Community/Board, not w/ you.
- Err in favor of inclusion, especially early on in your tenure. Until they ask to opt out of the conversation, copy all members of your board on notes that document decisions and problems. Tell the board (first) and the entire community (second) about any pressing issues, problems, mistakes, spending surprises, big fiscal decisions etc. Transparency is your friend, particularly in areas of community controversy.
- Late December and early January are VERY BUSY for the Treasurer. Invoices must be delivered by the 1st. There is much that has to happen before the Annual Meeting, but can't be finalized until after January 1st. The 1099s can't be prepared before Jan 1st, but have to be done by Jan 19th. The accounts have to be finalized and turned over to accountants for taxes. Not to mention routine business of paying bills and receiving member payments. Do as much as possible to prepare before the Holidays, but be prepared for what you will have to get done early in January.

Set Up Guide

Bank Account Access

You will need access to every bank account and your predecessor will not be able to hand it over to you. Each Bank will separately require a Resolution Form. This is a bank provided form that lists the officers who will have access to the accounts. Additionally, each signatory MAY have to present themselves in person at the bank to show ID and fill out other forms specific to them personally. This process can take weeks. As soon as possible, preferably in concert with your predecessor, contact each bank to determine their requirements and begin this process. Request (insist?) that your predecessor continue to pay bills until the process gives you access to the primary checking account.

At the same time, discuss with the Board who should have credit /debit cards for the primary checking account. Generally the Treasurer and anyone else who routinely makes small purchases (at Staples, Home Depot, Costco, etc.) should have such a card. Make sure to ask for these cards when submitting the bank paperwork.

The Treasurer should have full access login and password for every bank account and all the other signatories should have “read only” logins and passwords. Ask for these when filling out the bank paperwork or create them online at the bank’s web site. Make sure everyone has theirs and writes it down somewhere safe.

QuickBooks sign on

Your predecessor needs to give you this. After your first time logging on, you can change it if you want. Also make sure at least one other officer and our accountant have logins and passwords. (Look in **Your Account : Manage Users** at top right of QBs screen.)

Gmail sign in and computer files

We have a gmail account: mkltreasurer@gmail.com. It retains years of correspondence between the treasurer and others. Make sure your predecessor gives you the login and password. Use it only for Lake business.

Your predecessor should also give you a copy of Treasure’s computer files (on a flash drive or other media). These will include records of collections, old correspondence, tax files, Annual Meeting Reports, tools for planning and more.

Other online Access

Your predecessor should supply you with all the logins and passwords for other accounts - all the utilities, some of the insurance carriers, etc. These may be changed after the first time you log in. Be sure to keep a file somewhere of all logins, password and security questions and keep it up-to-date.

Equipment and Supplies

Your predecessor should be able to hand over to you much of this stuff. You can pick up whatever else you find useful at Staples or the like.

Endorsement Stamp for primary checking account

OVERDUE stamp for invoices

QuickBooks compatible:

- blank checks for primary checking account
- deposit forms for primary checking account
- Windowed envelopes for invoices & letters
- Windowed envelopes for checks

Transactions on all the other accounts are infrequent. Use

- Online checks & counter checks for Lakeshore's handful of payments.
- Online transfers to move money between various accounts
- Scans or handwritten deposit slips for depositing the occasional paper check into other accounts

Standard office and filing supplies: pens, stapler, paper clips, folders, accordion files, binder clips, whatever you need to keep yourself organized.

Treasurer's Calendar

Every month

Receive, apply and deposit any checks

Post late fees and interest on delinquent accts

Enter & pay bills

Get approvals from responsible board trustee

Add account info to auto-paid bills

- *First Energy*
- *Yahoo*
- *PSEG*
- *Verizon*

Reconcile at least the active checking account (other low volume accounts can be done semi-annually)

Create monthly treasurer's reports. After the Board reviews and approves, remove all member detail from the AR report, convert reports to a pdf file and post on the MKL web site.

- *Cash Balances*
- *Actuals vs Budget*
- *Disbursements of \$1000 or larger*
- *AR report*

January

Update New Member invoices for next quarter
Annual report
QB files to accountant to start taxes
1099 info to accountant by mid-month
Qtrly property taxes due by EOM (include spreadsheet or coupons!)
Auto transaction puts property tax savings into LCRF liability acct
Prepare & submit the preapproved vendor list for this calendar year

February

Late payment friendly reminder emails
Contact accountant to discuss tax issues and planning

March

Book all late fees and interest on unpaid accounts (before 3/20 – when QB prepares the April invoices)
Send snow removal invoices from last calendar year to Harding Twp for rebate
2nd qrtr invoices delivered by the 1st of next month

April

Update New Member invoices for next quarter
Pay semi-annual rental fee to Lakeshore
Qtrly NJ & Fed estimated tax pmts for Lakeshore & MKLA by the 15th
Dam loan payment due by 17th
Qtrly property taxes due by EOM (include spreadsheet or coupons!)
Auto transaction puts property tax savings into LCRF restricted assets acct

May

Late payment friendly reminder emails

June

Book all late fees and interest on unpaid accounts (before 6/20 – when QB prepares the July invoices)

Qrtly NJ & Fed estimated tax pmts for Lakeshore & MKLA by the 15th

3rd quarter invoices delivered by the 1st of next month

July

Update New Member invoices for next quarter

Qtly property taxes due by EOM (include spreadsheet or coupons!)

Auto transaction puts property tax savings into LCRF liability acct

August

Late payment friendly reminder emails

Prepare and present Annual Budget Request folders to Trustees

September

Book all late fees and interest on unpaid accounts (before 9/20 – when QB prepares the Oct invoices)

Qrtly NJ & Fed estimated tax pmts for Lakeshore & MKLA by the 15th

4th quarter invoices delivered by the 1st of next month

Ask Trustees to submit budget requests

October

Line up a committee for the Financial Review of this year's books

Update New Member invoices for next quarter

Dam loan payment due by 17th

Qtly property taxes due by EOM (include spreadsheet or coupons!)

Auto transaction puts property tax savings into LCRF liability acct

Work up 1st version Annual Operating Budget & 2/5/10 year Cap Plans to present at Nov Board meeting

November

Late payment friendly reminder emails

December

Book all late fees and interest on unpaid accounts (before 12/20 – when QB prepares the Jan invoices)

Qtrly NJ & Fed estimated tax pmts for Lakeshore & MKLA by the 15th

BOOK CLOSE:

Move items in TBC (to be capitalized) accounts to the Balance Sheet w/ a Journal entry dated 12/31/20xx

Add a placeholder Depreciation entry for each Fixed Asset. Estimate based on last year.

JE Restricted Income items into Net Restricted Income and Net Restricted Assets

Ensure that all reserve accounts – both bank accounts and liability accounts – are current and that they match exactly.

Reconcile all bank accounts

Check all Utility payments to ensure each was properly assigned to Water Company vs. Clubhouse. QBs will have auto-assigned, perhaps incorrectly, and this is significant for tax purposes.

Run a 1099 report and make sure you have Tax ID numbers for all applicable vendors.

HOW TO

Your work is governed by Bylaws, Board Resolutions and GAAP. You should read the Bylaws for both corporations and the Rules and Regulations for MKLA and refer back to them often. Also review ALL past Board Resolutions (available on website). The accountants are responsible for ensuring our books are GAAP and IRS compliant; they will provide you w/ any corrections after they complete the tax returns.

Very few of your routine procedures are proscribed by any of the above. For the most part, you're really free to manage procedures whatever way you find comfortable and efficient. Below you will find details for procedures to help you get started. Once you're familiar w/ your responsibilities and Quickbooks, you may choose to vary from these details.

In addition to these guidelines, there are numerous additional files that you may find helpful. They can be found on the USB drive that you received from your predecessor.

Payables

Manual

Check the mailbox at 3 Trails End at least weekly. Enter all new invoices in QB by clicking on **Vendors: Enter Bills**, entering all information available on the invoice. Most of the Vendors are already in the system along w/ their mailing addresses. Check w/ the relevant Trustee to get approval to pay any invoices that are not routine/recurring.

NOTE: For any vendor who is NOT an incorporated entity, you may have to file a 1099. Before paying their first bill, provide them w/ a W-9 (available online at IRS website) and make sure they fill it out. Unless the W9 indicates they are exempt, enter their Tax ID in QBs and check the box for 1099 tracking. Also, if they bill separately for material vs. labor, be sure when entering their bill to separate those line items and bill each to the appropriate sub-account.

At least monthly, pay bills (**Vendors : Pay Bills** and then **Print Checks**). The bottom third of the printed voucher should be detached and stapled to the invoice as proof of payment. The remaining 2 sections when folded will fit in the check windowed envelopes and (once signed) are ready to send, just like that; no further addressing necessary.

When printing multiple checks on my computer, the checks will print in reverse order unless I check the **Reverse Order** button on the screen from my printer (last screen before printer starts to hum and churn). Check to ensure that the check #s assigned in QB are the same as the # on the physical check and adjust your process accordingly.

Recurring and Automatic

All utilities are on Auto Bill options; the utilities reach into our banking account and take their fair share. These bill payments will simply show up when you download online banking information. Check to ensure they are being charged to the right account. The multiple First Energy and the PSEG bills in particular need to be assigned to Clubhouse Utilities and/or Water Utilities as appropriate. (This is important in order to track what Water Service is costing us vs. what Clubhouse management is costing us. The distinction is important for tax purposes.) Each firm has a web page that can be used to set up, track and/or change account particulars. The urls, log ins and passwords are noted in the Passwords file on the USB drive.

Infrequent, but large

Large Capital Projects

Capital Improvements are not subject to sales tax. When accepting a contract or an invoice on one of these, ensure that the proper forms have been filled out and filed. DONOT pay sales tax on these projects. Form is available at this link:

http://www.state.nj.us/treasury/taxation/pdf/other_forms/sales/st8.pdf

Property Taxes

Harding Township does not invoice for property taxes. Each summer you will receive the only documents you will get regarding our tax bill. There is a QBs automatic recurring reminder that will pop up in your messages on QB home page to remind you each quarter, but the amount has to be adjusted to match what was/is on those cardboard sheets. There is an Excel spreadsheet (PropertyTaxesAllYears) in the Treasurer's files (on USB drive) to help you record and manage all the charges for all the lots and to true up the appropriate Tax Savings to put into the LCRF (see [LCRF BALANCES](#) below).

Lakeshore Rents and NJDEP Loan

Twice a year in April and October, Lakeshore pays a very large (approx. \$25,000) loan payment to NJDEP. There may or MAY NOT be an invoice from them shortly prior to due date, but we are obligated for payment whether or not they remind us.

Shortly prior to each of these payments, MKLA pays a Rent of approximately \$25,000 (can change each year if necessary to manage cash flow) to Lakeshore (see Rental Agreement in Treasurer's files). There is a MEMORIZED TRANSACTION in the Lakeshore QBs file that will issue an INVOICE that you can print out and treat like any other invoice in the MKLA QBs files. There is also a RECURRING TRANSACTION in MKLA that will bill this rent automatically. Make sure the amounts on both the invoice from Lakeshore QB and the bill in MKLA QB match. Pay the bill w/ a "handwritten check" in QBs. There will be no actual check, you'll simply go online to PGB website and transfer funds. Then record the payment in Lakeshore QB and pay the loan to

NJDEP from Lakeshore QBs and Checking Account before you forget it is due. There are a small number of counter checks in the PGB file for this purpose, or you can pay w/ an online transfer as noted on the NJDEP invoice.

Receivables

“Items” in QuickBooks

QBs has a feature called “**Product/Service**” that is very helpful w/rt creating invoices and getting receivables charged to the right Account. You can get a list of all of these in the **Reports : Lists : Product Services List** section of QB. Table 1 shows the list at this writing. Note that some items have a specified amount and some do not, but all show the income account to which any such payment should be booked.

When preparing invoices, using the listed items in the **Product/Services** field (just start typing the first few letters of the name) will cause QBs to auto fill all the rest of the fields correctly. You can change any of these fields on the invoice as necessary to adapt to a specific invoice. Or for longer term/global changes go to **Company : More : Lists : Product Services List** and follow the instructions for **New** items or to **Edit** existing items

Receive, apply and deposit any checks

In QB,

- Go to **Member Center: Receive Payment** (applies payment to member’s account),
- stamp all checks
- in **Banking** make **Deposit** and print out Deposit Slip and Summary on forms provided
- Present top section of form and bundle of checks to bank for deposit
- Attach bank receipt to bottom section of form and file

Post late fees and interest on delinquent accts

Each month, preferably near the 1st of the month, in QB,

- Go to My Custom reports and run A/R report (Monthly Treasurer’s Reports). Ignoring accounts that have been turned over to Attorney for collection and accounts that are on monthly auto-payment plan, find overdue accounts.
- For each of these, create a new invoice. Charge the relevant **Late Fee** (see **Product/Service** list below), adding notation about month (e.g. August 1st, 2013) to memo field. Charge a **Fin Charge** (see **Product/Service** list below), adding notation about date in memo field and putting the amount of outstanding Balance as shown on A/R report above in the Qty field (QB will auto-calculate charge at .015%). Save.
- Print and send all these new invoices to the delinquent Member.

In my experience, each quarter many members (typically 20-30%) haven't paid by the 1st. The by-laws don't require any warnings or reminders. You may simply apply the penalties. However, some treasurers have chosen to send reminder emails or phone calls either near the end of the month or on the 1st giving late members a grace period (maybe a day or two, maybe a week, at the treasurer's discretion).

I have also found that each quarter, whether or not such a grace period is provided, some small number of Members will pay late and ignore the penalty charges. I recommend that in all such cases, you NEVER delete the penalties. If you choose to forgive them (at your discretion) do so by creating a **Credit To Appear On Next Invoice** (as described in QBs in **Members : Credits**) and note the reason for forgiveness. This will give you and the Member a track record of such behavior. It goes w/o saying that you should be consistent and even handed w/ such special treatment. Challenge yourself to ensure you are not "playing favorites" w/ any members for any reason.

In the event of a specific negotiated settlement, again never delete any charges. Always create CREDITS to remove any negotiated changes.

Quarterly invoices

By Bylaw, the Treasurer must provide an invoice each quarter 30 days before the quarterly dues are due. Quickbooks will automatically generate the quarterly invoices 10 days prior to the 30 day mark for those to be printed and just after midnight on the 30 day mark for those to be emailed.

Mid month in March, June, September and December, review membership to make any changes (addressing deaths, divorces and such) in member details. Also add penalties as appropriate.

After they have been auto created (10 day mark), print the invoices.

Pull out any that need special attention – notably your delinquent payers.

Sort fold and deliver.

Until recently, we were in long term disputes w/ some members. In those situations, we do not want to send them invoices that show outstanding account balances, just invoices w/ current charges. To ensure that is what you are send to such members, pull their invoice out of the pack of printed invoices and discard it. Go into **Company: Preferences: Form Delivery: Customize Forms** and click on **Customize**. Scroll down to **Account Summary (invoices only)** and clear the box next to **Print Account Summary**. Save this change (bottom of page) and return to Profile in the **Member Center**. Pull up the most recent invoice and ensure it has the following

in the memo field: *“Your account has been turned over to our attorney for collection. This invoice does not show any previous balance for past due amounts and penalties thereon.”* Print this invoice, fold and mail it to delinquent member (USPS). Then go back into **Company: Preferences: etc** and reset the box next to **Print Account Summary** so that all other invoices will show balances again.

After delivering this quarter’s invoices, update Recurring Transactions to ensure delinquent payers are not on auto-email: For any new delinquent and/or problem payers, go into **Company : Recurring Transactions** and make sure they are not set to “send” [as that will email the invoice directly to the delinquent member whether or not you have updated it w/ appropriate charges and such].

Also update **Recurring Transactions** for new members to ensure next quarter’s invoice has proper New Member Fee info

Private Parties

Typically, someone who wants to rent the Clubhouse will contact the Social Chair first in order to select a date that is available. As soon as you get wind of the interest (usually by email from the Social Chair), make sure the interested party has a copy of the entire and current Party Rental Package (Treasurer’s PC files or website). The package is completely self-explanatory.

NOTE: Regardless of the purpose of the party, if the member is going to invite all members at the Lake – either all adults or all children of a certain age or both – then the party is by definition NOT PRIVATE. There are neither rental payments nor agreements for such parties. They are held under the aegis of the Country Club. Point the member there for further guidance.

If the interest is in a “short date”, give the Board a quick head’s up. Otherwise, wait to receive the full application, including insurance certificate and payment. Take the package to the Board (at meeting or by email) for approval. The Board will want to know whether or not the Member is current on all dues and such, whether or not there have been previous issues w/ this Member’s behavior (e.g. damage to Clubhouse, blatant disregard for documented rules), and the size, date and “purpose” of the party. Business, political and fund-raising activity is strictly prohibited. If the application isn’t clear on any of this, call the Member and get details.

If the party is approved, create an invoice charging the Member for the appropriate size party and a Security Deposit (see Table 1 and section above on **Product/Services**). **Receive Payment** for the invoice and deposit the check(s).

In the past, we held onto the check that provided the security deposit. Changes in banking procedures have made this unwise. Some checks expire within a matter of weeks or months.

We now deposit all the payments prior to the party. After a party is over, the House Trustee will inspect the Clubhouse. Once that clears, you can return the security deposit by creating a **Refund** and issuing a check.

Delinquent Members

This requires a great deal of your attention. Read the Bylaw on this matter carefully and then reread it often.

For members who are a few days to a few weeks late, you have a lot of latitude, but I recommend that you book a late fee and finance charge by the middle of the month following due date (e.g. Feb 10th for January 31st due date) and deliver the new invoice ASAP. If the member pays shortly thereafter, you can – at your discretion – issue a credit for the penalties, effectively “forgiving” them. Using this procedure routinely will give you and subsequent Treasurer’s a record of members who are sloppy about paying on time.

For a member who misses a payment by more than 6 weeks, despite the invoice marked overdue and containing penalties, things are probably not going to get better quickly. Unless you know of a special circumstance and have an agreement w/ the member (e.g. they are out of the country, there was a death in the family), your best bet is to contact Attorney and get a demand letter issued.

For disputes that persist – member hasn’t paid and we’ve filed a lien – you need to be very attentive. The bylaws DO require that we send an invoice 30 days prior to due date of all DUES AND ASSESSMENTS; they DO NOT require invoices of all penalties and interest. But NJ State Law DOES require that we send every member a statement of account at least once annually. The standard invoicing process meets this requirement for most members. But a deeply delinquent member should probably receive, by certified USPS delivery, an annual statement of all outstanding charges. Make sure it is correct and includes EVERYTHING.

Also if the quarterly invoice to a delinquent member includes a Statement of Account section at the top of the page – as is the case for most member invoices – always take the time to make sure that it is completely up-to-date and includes all penalties earned as of date of invoice.

Alternatively, follow this process:

Make sure the attorney is sending notices as provided by bylaw. Do not send invoices that show outstanding account balances, just invoices w/ current charges. To ensure that is what you are sending them, pull their invoice out of the pack of printed invoices and discard it. Go into **Company: Preferences: Form Delivery: Customize Forms** and click on **Customize**. Scroll down to **Account Summary (invoices only)** and clear the box next to **Print Account Summary**. Save this change (bottom of page) and return to the delinquent member in the **Member Center**. Pull up the most recent invoice and ensure

it has the following in the memo field: *“Your account has been turned over to our attorney for collection. This invoice does not show any previous balance for past due amounts and penalties thereon.”* Print this invoice, fold and mail it to the member (USPS). Then go back into **Company: Preferences: etc.** and reset the box next to **Print Account Summary** so that all other invoices will show balances again.

Negotiated Settlements

We have a history of negotiating settlements w/ deeply delinquent members. We have informed the membership that in order to achieve a quicker resolution or other tangible benefit to the community, we will consider waiving a portion of the earned penalties on an account. We NEVER “discount” ordinary dues and assessments nor out of pocket collection costs (payments to the attorney, filing fees). Any such negotiation should include the involvement of the attorney as well as at least several other members of the Board for your own protection as well as that of the community.

There is a negotiated settlement agreement that we have used in the past. It offers the member a reduced payment in return for a written promise to always pay on time. In the event member is ever again late w/ payments, the contract is null and void and all waived penalties become due. It’s a vehicle for ensuring that we are permanently solving the problem w/ this member and avoiding any recurrence in the behavior. That’s a tangible benefit to the community that we’ve been willing to pay for in the past.

Indigent Members

Any township resident who finds themselves in dire financial circumstances can apply for relief from the Property Taxes. There is an application and decision process managed by Harding Township for this purpose. If a member has made such application and Harding has provided some relief, we have a history of “mirroring” that relief with regard to our Dues and Assessments. For example, if the Township gave the resident relief from any new tax increases, we would give the resident relief from any new increases in dues and assessments. We do not need to see the details of the application, just the details of the Township’s decision.

Monthly treasurer’s reports

These reports are stored in **Reports: My Custom Reports : Monthly Treasurer’s Reports**. Any report w/ z as the first character in its name is an archived report no longer in use.

Run all the other reports listed, check for any oddities and correct if necessary. Provide printed reports to the Board at the monthly meeting. If there are no issues raised at the monthly meeting, create a pdf file of the reports (I dump the reports into excel, format and convert to pdf there) and send it to web master for publication on the web site. **IMPORTANT:** Prior to preparing the pdf for publication, remember to **HIDE** any rows on **AR AGING REPORT** that

display individual member receivables. Show only the totals on that report. To publish individual debts can leave us open to liable charges if we are not completely accurate (and it's very easy to be arguably inaccurate).

Accounting & Taxes

Depreciation

As required by the IRS, it is our policy to capitalize any invoice item over \$500 that has a useful life of more than 12 months and is not a repair or maintenance. The accountant will provide the proper depreciation entries after the tax returns are finalized.

At end of year, enter a "placeholder" estimate for each Fixed Asset Category. Look on Balance Sheet at the Accumulated Depreciated sub-account for each Fixed Asset. Find last year's entry. Duplicate it and note in memo field that it is placeholder estimate. At tax filing, update these entries w/ final numbers as provided by accountant.

Preparing 1099s

Each January, we are required to file a 1099 for every independent contractor who is NOT INCORPORATED (i.e. Is an LLC or a sole proprietorship) and with whom we have spent at least \$600 (excluding materials). As long as you have set this up, Quickbooks does it for you quickly and simply.

As stated in the section on Payables, throughout the year for any vendor who is not an incorporated entity, prior to paying their first bill, provide them w/ a W-9 (available online at IRS website) and make sure they fill it out. Unless the W9 indicates they are exempt, enter their Tax ID in QBs and check the box for 1099 tracking. Also, if they bill separately for material vs. labor, be sure when entering their bill to separate those line items and bill each to the appropriate sub-account.

Any time after January 1st and prior to January 20th, follow the menu instructions in Quickbooks for filing your 1099s.

Preparing Income Taxes

Once you have finalized the books for previous year, generally around the Annual Meeting, make sure Accounting Firm (at this writing it's Sobel) has a login for Quickbooks online (see **Your Account : Manage Users : Accounting Firms.**) and one for Lakeshore Quickbooks Desktop (see **Company : Set Up Users And Passwords : Set Up Users**). In QB desktop, prepare an Accountant's copy (see **File : Create A Copy : Accountant's Copy**) and save it to your desktop. Email Accountant, attaching this saved copy and let them know you're ready for them to begin

work on your taxes. They will sign onto QB Online directly; no MKLA accounting copy is necessary.

Accountant's will prepare and provide tax returns. Look them over to ensure they appear "roughly right".

Lakeshore taxes are trivial; there are very few transactions, we have large depreciation from Dam work and we are carrying Net Operating Losses that generally offset our income. You'll probably pay no Federal tax and about \$500 minimum alternative NJ state tax.

MKLA's general income (dues, assessments and Late Fees) are not taxable. Rents from private parties, rent from Country Club and interest charged to delinquent members are all taxable. Only expenses directly associated w/ this income is deductible. That would include any non-reimbursed collection costs, and a pro-rata share of all Clubhouse expenses, including utilities & property insurance. In past years, we have generally assigned 10% of Clubhouse expenses to rentals. An analysis of 2012 Clubhouse usage showed roughly 40:60 split between rented vs. MKLA. Remember, all Country Club sponsored events are "rented" as well as private parties. At this writing we are using a 20% allocation, which is conservative. Spreadsheets that show 2012 allocation work are in the Treasurer's PC files under **MyDocuments:Lakeshore:Taxes**.

MKLA will generally pay a few hundred to \$1000 in Federal taxes and no NJ State taxes.

Paying Taxes

Pay Federal taxes online at www.EFTPS.gov (see paper file w/ logins and passwords for details) and NJ State taxes at NJ Division of Taxation website (PAY ONLINE) at this writing the link is: https://www1.state.nj.us/TYTR_BusinessFilings/jsp/common/Login.jsp?taxcode=20 , but it changes periodically. We don't have a PIN, just use corporate name.

Closings & New Members

Sadly, there is no foolproof way to make sure our interests are getting handled in the transaction when a house changes hands. But it is the responsibility of the seller and their advocates to inform the buyer of all obligations.

Usually, someone will contact the treasurer a day or two prior to the closing. Make sure as best you can to get the following information into the hands of the buyer's attorney. (There is a saved Draft in mkltreasurer@gmail.com Draft folder that can be updated and made specific to each sale and used in this regard. Remember to save it again in Draft folder after use.)

- The buyer will automatically become a shareholder in Lakeshore and a member in MKLA
- The buyer will automatically assume all outstanding financial obligations that are not settled prior to or at the closing.

- Prepare and provide details (invoices or statement) of any and all outstanding financial obligations on the seller's account.
- The annual dues are \$3100 due in 4 equal payments on the last day of the first month of the calendar quarter.
 - Go into Quickbooks and create a new account for the address
 - Create the dues invoice for next quarter, but be sure to have the Payment Due date reflect the ordinary due date of next round of invoices (not 30 days from issue of this invoice or 1st of next month).
 - Provide this invoice to the buyer's advocate
- There is a New Member Fee equal to the Annual Dues. It can be paid in full at the closing or in 4 equal payments due with each of the next four dues payments. In the latter case, the 1st installment is due at the closing.
 - Create an invoice for the 1st installment of the New Member Fee. Be sure to date the Payment Due date at about 1 week after your best knowledge of the closing date.
- We require reach information for the buyer: name as recorded on the deed, a phone and/or email address, and any temporary address if they are not moving in immediately.

Buyer's attorney may also want governance documents and/or financial statements. Provide as requested.

Questions may arise regarding the "price" or "value" of the stock. That is a transaction that is negotiated between the buyer and the seller. Recent "prices" have run around \$1800. But no matter what price is or isn't agreed to, by Bylaw the share will transfer to the buyer at the closing; the seller cannot withhold or retain the share. There is no paper certificate. As is the case w/most corporations, we maintain our Shareholder registry electronically.

Snow Plow Rebate

Should be sent to Harding Township Administrator preferably in the 1st half of the calendar year. Best to do it around tax time.

1. From Quickbooks, go into **Chart of Accounts** and select the SnowPlowing account. Get a **Quick Report** on **Last Year** and print out two copies.
2. Find the invoices listed on the report and make two copies of each of these.
3. Find the Snow Removal Rebate letter in the Treasurer's PC files folder. Update it w/ current dates and such. Print out two copies and sign one.
4. Original invoices get returned to invoice files
5. Package signed copy of letter, one copy of report and one copy of all invoices and send to Harding Township Administrator

6. Package second copy of letter, report and invoices and file w/ open items until rebate check arrives.
7. When rebate check arrives, record it in QBs, deposit it in bank account, and file accompanying documents and copies from #6 above with deposit documentation.

Banking

We have a dizzying number of bank accounts. Your first reaction will be to consolidate much further, and that's not a bad thing. Unfortunately, many if not all of these are required by either Bylaw (the separate account for LCRF), IRS and basic business practice (the two checking accounts for MKLA and Lakeshore), bank fee structures (the two savings accounts attached to the checking accounts), and effort to make the most return on "stagnant money" (the Contingency Reserve account/CDs). Hopefully as you are reading this, that's all the accounts you have to work w/. But history has included specific others for bank loans, investment opportunities and for the two corporation structure.

Fortunately, most of these accounts are "low volume" w/ only a handful of transactions in any given year. Generally speaking, you can leave them on "autopilot" for most of the year, reconciling them twice annually or so. Specific actions for specific accounts follow.

Lakeshore checking

Ensure that the MKLA semi-annual rental transfer payment is made in time to clear before the NJDEP loan payments each April and October, as noted in the Treasurer's Calendar.

MKLA Contingency

This should be kept at the level authorized by Board and Members - \$100,000 at this writing. Interest will accumulate and must for tax purposes be assigned to **Interest Income**. However, after taxes returns are prepared, any monies over the authorized target balance may be **Transferred** (in both QB and at the banks) into your working account.

If this account is depleted for emergency spending, a spending plan that brings it back to target balance within two or three years should be proposed to the Board for approval and implementation.

LCRF balances

This one is a little tricky. Each quarter as the member invoices are prepared, QBs assigns **New Member Fees** and **LCRF Assessments** to restricted income accounts (see Product/Service table below). But this does not move any real money. So each quarter, generally after most of the invoices have been paid, you need to:

1. look at the Restricted Income accounts: **4222,4223 and 4225**, to see what has been added since last quarter (or since last time you did this update).

2. check the details of recent transactions to verify you agree and don't see any errors, and being careful to have picked up amounts paid on old invoices or such.
3. JE these three amounts as follow: debit **70000 Net Restricted Income**; credit each of **2282.1, 2282.2 and 2282.3** for the amounts in **4222, 4223 and 4225** matching names on accounts. (if you click on 70000 Net Restricted Income in the P&L, you'll see previous JEs that you can mimic). This will update the details on the Balance Sheet under **2280 Net Restricted Assets**
4. Do a YTD P&L and Balance Sheet (Cash Basis) and check to make sure sum of accounts **4222+4223+4225 = 70000**. If not, correct JE in step 3 above.
5. then in **Banking : Transfer** transfer from the working checking account into the **1020 PGB LCRF** the amount necessary to make **1020** match **2282**
6. then go to the web page for PGB and transfer the real funds, again from the checking account into this account.

Something similar happens each time you make a property tax payment to Harding Township (**Journal Entry** on the details portion of the **Bill**). But unfortunately, this is just an estimate. The Bylaws require that the amount of property tax savings that go into the LCRF be pegged to property tax rates, floating up or down w/ them. Sadly, our property tax rates change annually. Obviously, this is a major pain for the treasurer and if you can ever get it changed in the Bylaws, go for it. Until then, the excel spreadsheet **PropertyTaxesAllYears** in the treasurer's PC files will help you calculate the right amount for this year. Once you have calculated the correct amount of savings for this year:

1. look at what savings have already been added this year to **2282.3 LCRF** restricted assets account by the quarterly tax **Bills** in QBs.
2. Determine how much more or less should be there this year, as calculated in **PropertyTaxesAllYears Tax Savings** tab and adjust **2282.3 LCRF** accordingly using QBs
Banking : More : Journal Entry
3. In **Banking : Transfer** transfer whatever amount is necessary to make the balance of bank account **1020 PGB LCRF** match the new balance of liability account **2282.3 LCRF**
4. then go to the web page for PGB and transfer the real funds, again from the checking account into this account.

LCRF spending

As LCRF approved projects are worked and invoiced

1. their expenses should be booked into the appropriate TBC (to be capitalized) account.
2. As these invoices are paid, go online at PGB and transfer same amount from LCRF account into Operating account

3. you should also create a JE as follows (all amounts are equal to the amount of the payment) to note the spending in the Restricted Net Assets account and to note the movement of the funds from LCRF bank account into LCRF bank account.:

Debit 2282.5 Restricted Net Assets, Project Spending
Credit 3110 Unrestricted Retained Earnings
Debit 1020 PGB checking
Credit 1020 PGB LCRF

Annual Spending Plan update & Budget Preparation

You are obligated by Bylaw to present the Community w/ a budget annually at the Annual Meeting. You are also obligated by the IRS to have a long term spending plan for any moneys that have been collected but reserved (not spent). There is an excel spreadsheet (**20xxSpending Plan**) in the Treasurer's PC files that is helpful in preparing both of these. See ReadMe tab for instructions on use.

You are free to prepare the budget and spending plan however you like, but I have always found it easiest to do this planning by distinguishing between routine and recurring operating expenses (which you can trend) vs. one time expenditures (whether capitalized or expensed – which can't be trended).

Recurring Operating Expenses

Each year in August, review the spending to date against previous years, trying to remove the impact of any unusual or one-time items. You can run QB reports showing expenses by year over any length of time you want. Look in QBs **Reports : My Custom : Budget Prep** for some examples. You can also temporarily change the fiscal year to something like Sept to Aug by going into **Company : Preferences : Company : Fiscal Year** (remember to change it back when you are done). The advantage to doing that is that you can use the end of last year as the predictor of the rest of this year.

Use this info to recommend next year's baseline budget for Admin, Beaches & Docks, Clubhouse, Dam, Grounds, Roads and Water. These amounts can be put into the excel spreadsheet, **Pivot Spending Plan**, on the tab named 20xxSpendingPlan (rename it for next year if you like) in the pink area under the column for next year. The sheet will automatically update all future years for these new numbers.

One Time and/or Capital Expenses

At the September Board Meeting, give each Trustee a report that shows what their area's planned projects look like (use the **ProjMatrix** tab in **PivotSpendingPlan** if you like) and request that they provide you two forecasts:

1. Any big and/or unusual expenses they expect to incur between now and the end of this year.
2. Any big and/or unusual expenses they want to incur in the next 5 or so years (up to 8 years out, if possible,) i.e. update the **ProjMatrix** you just provided them.

Use this information to update the **Project List** tab in the excel spreadsheet completing all columns. Follow the instructions under **READ ME** tab to update all tables and forecasts. You now have a complete 10 year projection of all expected spending and resultant bank account balances. Make sure no bank account balances are going negative. If they are, you will need to defer some projects and/or raise dues.

This Spending Plan should be reviewed and approved by the Board (w/ whatever changes they request, of course) no later than the November Board meeting.

Create Budget in QBs

Once the Spending Plan has been approved by the Board, you'll need to put it into QBs so that the monthly treasurer's reports will provide the Board and individual Trustees w/ the data they need to manage their spending. You'll also need to prepare a summary schedule (see Figure NNN) for distribution with the Annual Meeting Notice for member review and approval at meeting.

Annual treasurer's report

Each December, prepare for bookclose by paying special attention to bank accounts, as these can't be adjusted after the fact:

- Review LCRF items and ensure that proper transfers have been made into the LCRF Restricted Assets sub-accounts for all **LCRF spending**, tax savings and restricted income (see **LCRF balances**) items. Check to ensure that cash funds were also transferred from/to Operating Account and LCRF account. True up any errors.
- Make a best efforts attempt to collect, record and deposit all checks as of December 31st, early enough in the day to get recorded that business day.
- Avoid paying bills, especially large ones, in the last week of December, so that bank accounts at year end will match financial reports at year end.

In early January, begin to prepare your Annual Report. Members prefer a visual presentation and there are Power Point slide shows in the PC material your predecessor gave you that can be used as a template. Try to keep this short (maybe 5 or 6 slides) and highlight whatever is significant this past year.

The accounting schedules to be distributed w/ meeting announcement materials or at the meeting itself should follow the format shown in Figures . These reports are available in

Quickbooks under **Reports: My Custom Reports : Annual Report.**

Data

Slide show

Tables & Appendices

Table 1: Product and Services List

Name	Description	Account	Price/Rate
bad debt write off	off set credit to remove bad debt from A/R	4214 MKLA Base Dues [\$2450/yr]:Bad Debt	
bad debt write off ('08-'11)		8005 Misc Income:Misc Adjustments	
Bounced Check	Bounced Check	5212 Administration:Bank Charges	0.00
CC Clubhouse Rental		4241 Clubhouse Private Rentals	800.00
Fin Chg	Finance Charges on Overdue Balance	4250 Interest Income	0.02
Lakeshore Dues	adjustment for transition to new billing cycle	4211 MKLA Base Dues [\$2450/yr]	150.00
Late Fees	Late Payment Fees	4261.1 Misc Income:Late Fees	0.00
LCRF assessment	qtrly contribution to large capital projects reserve fund	4222 Restricted LCRF Assessments [\$400/yr]	100.00
Lien & Collection Costs		5214 Administration:Professional Fees	
MKL Assoc Base Dues	Mount Kemble Lake Association Base Dues	4211 MKLA Base Dues [\$2450/yr]	612.50
MKL Assoc Dam Assessment	Mount Kemble Lake Association Dam Assessment	4221 Restricted Dam Assessments [\$250/yr]	62.50
MKL Assoc Road Dues	Mount Kemble Lake Association Road Dues	4211 MKLA Base Dues [\$2450/yr]	100.00
MKLA adj	one time adjustment for pre-paid members to bring total dues to \$725 this period	4211 MKLA Base Dues [\$2450/yr]	50.00
New Member's Fee	qtrly installment of New Member's Fee	4223 Restricted LCRF New Member Fees	775.00
Private rental - large	rental for (>75) private party at Clubhouse	4241 Clubhouse Private Rentals	500.00
Private rental - med	Rental fee for (75) private party at the MKL Clubhouse	4241 Clubhouse Private Rentals	300.00
Private rental - small	Rental fee for (<35) private party at Clubhouse	4241 Clubhouse Private Rentals	150.00
Reimbursable Expense Item	Miscellaneous Charges	4261 Misc Income	1.00
Security deposit	security deposit for clubhouse rental	4241 Clubhouse Private Rentals	500.00

Table 2: Sample Proposed Budget handout for Annual Meeting Notice

Proposed Operating Budget 2015

	budget	prelim actual	budget
	2014	2014	2015
BOY OPERATING CASH	\$ 85,535	\$ 85,535	\$ 84,162
Member Dues and Assessments	\$ 294,500	\$ 294,500	\$ 294,500
Less Restricted Income:			
LCRF Assessment	38000	38000	38000
Property tax savings ¹	34400	34400	34400
UNRESTRICTED INCOME	222,100	222,100	222,100
 OPERATING EXPS	 193,500	 202,235	 204,100
Admin	44,300	45,884	45,600
Water	27,000	26,039	27,000
Roads	30,000	35,450	30,000
Clubhouse	12,000	15,713	12,000
Beaches & Docks	15,200	14,149	10,500
Dam	0	0	4,000
Grounds	25,000	25,000	25,000
Lakeshore(Dam Loan) Rents	40,000	40,000	50,000

¹ MKLA ByLaws, Section D. Reserve Fund – Use of Capital Contributions. Any real estate property tax savings realized as a result of restricting the development of Lakeshore owned lots shall be paid out of the Association’s operating expenses or fund, to one or more Reserve Fund financial instruments (collectively, the “**Reserve Fund**”). Tax savings paid into the Reserve Fund will change annually in line with the average percent tax change of Harding Township.

Appendix A: Sample Annual Report Schedules

Mount Kemble Lake Association

Profit and Loss

January 2013 - December 2014

	<u>Jan - Dec 2013</u>	<u>Jan - Dec 2014</u>
Income		
4211 MKLA Base Dues [\$2450/yr]	231,712	214,398
4221 Restricted Dam Assessments [\$250/yr]	23,916	21,863
4222 Restricted LCRF Assessments [\$400/yr]	35,366	34,879
4223 Restricted LCRF New Member Fees	14,725	10,075
4241 Clubhouse Private Rentals	1,500	2,800
4250 Interest Income	1,341	1,892
4261 Misc Income	5,794	11,235
8007 Unapplied Cash Payment Income	0	14
Total Income	314,354	297,155
Gross Profit	314,354	297,155
Expenses		
5210 Administration	45,150	45,740
5220 Beaches, Docks & Dam	9,423	14,149
5250 Grounds	32,249	23,357
5270 Clubhouse	12,178	15,713
5280 Road	25,804	35,450
5330 Dam Operations	7,981	0
5340 Water Operations	16,414	26,183
5350 Lakeshore Rental Payments	40,000	40,000
Total Expenses	189,201	200,591
Net Operating Income	125,154	96,564
Other Expenses		
5292 Interest Expense	919	
5393 Depreciation	32,205	36,689
7000 Income Tax Expense	2,041	4,000
Total Other Expenses	35,165	40,689
Net Unrestricted Income	15,618	(11,462)
Net Restricted Income	74,371	67,337

Wednesday, Mar 18, 2015 08:15:22 AM PDT GMT-4 - Cash Basis

Monday, Mar 16, 2015 12:19:32 PM PDT GMT-4 - Cash Basis

Mount Kemble Lake Association

Balance Sheet

As of December 31, 2014

	TOTAL		
	As of Dec 31, 2014	As of Dec 31, 2013 (PP)	Change
ASSETS			
Current Assets			
Bank Accounts			
100 Operating Bank Accounts	72,341	62,742	9,599
1030 Contingency Bank Accounts	100,006	100,012	(6)
200 LCRF	141,456	130,015	11,442
Total Bank Accounts	313,803	292,769	21,035
Accounts Receivable			
1231 Accounts Receivable - MKLA	1,803	1,965	(163)
Total Accounts Receivable	1,803	1,965	(163)
Other current assets			
1441 Undeposited Funds	0	7,750	(7,750)
Total Other current assets	0	7,750	(7,750)
Total Current Assets	315,606	302,484	13,122
Fixed Assets			
1262 Roads	363,565	355,974	7,590
1362 Water System	39,929	12,477	27,452
1366 Dam	7,648		7,648
Total Fixed Assets	411,141	368,451	42,690
TOTAL ASSETS	726,748	670,935	55,812
LIABILITIES AND EQUITY			
Liabilities			
Total Liabilities			0
Equity			
2280 Restricted Net Assets [formerly Reserves	279,635	282,306	(2,671)
3110 Unrestricted Retained Earnings	458,575	373,012	85,563
Net Unrestricted Income	(11,462)	15,618	(27,080)
Total Equity	726,748	670,935	55,812
TOTAL LIABILITIES AND EQUITY	726,748	670,935	55,812

Tuesday, Mar 17, 2015 04:28:01 PM PDT GMT-4 - Cash Basis

Lakeshore Loan from NJDEP	468,108	505,756	-37,648
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MKLA Simple Sources and Uses Statement

2014

Accuracy
Checks

Opening Bank Balances

Operating Cash	62,742
Contingency Fund	100,012
LCRF	130,015
Total	292,769

Sources of Cash

Dues & Assessments	281,214
Other Income	13,140
Rentals	2,800
Total Income	297,155
Changes in Undeposited Cash & A/R	7,913
Total Cash	305,067

Uses of Cash

Operating Expenses

Admin	45,740
Beaches	14,149
Grounds	23,357
Clubhouse	15,713
Road	35,450
Dam	-
Water	26,183
Lakeshore Rents	40,000
Total Oper Exp	200,591

Capital Spending

LCRF Spending	79,379
non-LCRF improvements	-
Change in A/P	-
Income Tax	4,000
Total Uses	283,970

Ending Cash Balances

Operating	72,341
Contingency	100,006
LCRF	141,456
	313,803

	313,866	Actual sum of sources & uses
	(63)	ERROR

LCRF Sources and Uses Details

Opening Bank Balance	130,015	
Deposits to correct underfunding in previous period	11,891	
LCRF Contributions		
Member Assessments	34,879	
New Member Fees	10,075	
TaxSavings	33,216	
Interest	<u>521</u>	
Total Sources	78,691	
LCRF Projects		
Road	43,434	
Dam	7,648	
Water	<u>28,297</u>	
Total Uses	79,379	
Closing Bank Balance	141,456	141,217
		(239) ERROR