

Winds of Change

Analysis of Financial Statements

After reviewing all the financial information provided by the prior management company, the Board has a clearer picture of our community's financial condition. We are now able to understand how much money has been spent, saved, and owed to the HOA. As we work on the budget for 2010 and, most importantly, develop a long-term spending plan we are taking into account the annual expenses (lighting, landscaping, individual unit repairs, property manager's fees, and costs to obtain delinquent monthly dues) and the more costly capital maintenance and repairs such as painting, roofs, siding, retaining walls, decks, and paving the parking lot.

In 2009, \$273,150 was spent, covering both the annual expenses and some of the long-term items.

The attached financial statements (Addendum A and B) show that the Windbrooke HOA had a reserve of \$107,294 at the end of 2009. A reserve is the amount of money saved for capital maintenance needs (painting, new roofs, deck sealing and replacement, siding replacement, retaining wall replacement and parking lot/road repaving). Looking forward to the end of 2010, a projection of the 2010 owners dues to be collected, minus the normal operational costs for lighting, landscaping, minor repairs, delinquency collections and property management, would add an approximate \$70,000 to this reserve, for a total approximate reserve available of \$177,000.

Maintaining an adequate reserve is crucial to long-term maintenance expenditures, the value of our homes and the upkeep of our community. If our community does not budget correctly for future projects, any expenses incurred over and above our reserve (savings) would need to be divided among the owners in either the form of a one-time special assessment or an increase in monthly HOA dues.

In order to help prevent this type of situation, the HOA is currently working to determine the future capital maintenance needs of the community for the next ten to fifteen years (by having a reserve specialist analyze the current and future needs of each unit) so that the HOA can "reserve" enough money to cover all future capital projects. This reserve calculation had not been maintained previously. The Board feels it is important to understand all our future capital improvement needs before restarting the roofing project or any other capital improvements. This reserve calculation is also needed in order to finalize the budget for 2010. With the Reserve Study results in-hand, we can budget the maintenance/improvement projects in a fiscally responsible manner and appropriately allocate the monthly dues towards all maintenance/improvements versus spending large amounts of our savings on one element and not having adequate funds for others

Why a reserve study is important

The 2009, the Board (hereafter, the Previous Board) had approved several high dollar items. The list below presents these high dollar costs as well as known painting needs that were not

addressed in 2009. While the HOA is obligated to pay these expenses when the work is complete and billed, the Current Board stopped work on all of these items in December of 2009 until we could determine that there was enough money to pay these bills.

Roof replacement including replacement of shingles purchased/not delivered: \$99,650

Siding replacement from settlement received: \$8,000

Landscaping timber replacements: \$25,000

Attorney fees – Dickson Properties Lawsuit: \$20,600

In addition, it has been determined that 23 units that were scheduled to be painted in 2009 were not painted. The estimated cost for this painting would be: \$38,000

Nineteen units are scheduled to be painted in 2010 (in addition to the ones not painted in 2009). The estimated cost for this painting would be: \$31,500

The total of the above known capital maintenance obligations (bills) comes to \$222,750, compared to the savings estimate of \$177,000 available by the end of 2010. If we were to continue spending at this rate, there would have to be an assessment made of at least \$1,000 per owner to cover the deficit and to maintain a minimum balance in the reserve account for emergency purposes (the reserve balance should never be spent down to zero).

Going forward/Next Steps

As each of our homes reaches an age of 15 years old, the Current Board of Directors is trying to ensure that we are being financially responsible to the owners of this community and will use the Reserve Study to ensure that the proper allocation of resources is made to the most necessary expenditures to try to maintain the value of our properties. We have taken additional steps, in addition to the Reserve Study, as follows:

- All unreplaced roofs will be analyzed as part of the Reserve Study. We will also contact all owners of the “unroofed” units to determine if known leaks exist in any unit. Funds will be allocated based on this information so that we maximize the results of the spending for new roofs. The units of this community were built over a period of four years and therefore, roofs and other capital improvements should be made on a similar schedule to ensure that roofs (or other improvements) are not made years before they need replacing (which would be if capital improvements for ALL units were made within the same year).
- It has been discovered that the Previous Board contracted the attorney handling the Dickson lawsuit on a per hour fee basis, and is therefore paid by the hour worked, and not on a percentage of any amount awarded per the lawsuit. The Dickson lawsuit is being monitored carefully and no attorney fees are being spent without analysis and approval of the Current Board. In addition, we are researching other avenues available to us to get the funds put at risk back in our accounts, especially if it can be accomplished with lower costs to the HOA.

- The expertise of your board members is being utilized to reduce outside costs. For example, rather than have a complete Reserve Study prepared by outside contractors, we are having the Reserve Specialist identify the current and future needs of each unit. Members of the Current Board will then obtain current cost estimates of each item and then project the future cost, based on the date the maintenance will be needed. By utilizing internal resources, we are reducing the cost of the Reserve Study by 46%.

We are anticipating having the Reserve Study and the final annual budget completed in time to restart the 2010 capital maintenance work by the spring (which is the appropriate time to replace roofs or paint units). More information will continue to be provided to each owner as this study progresses.

Annual Meeting

As indicated in your meeting package obtained from HRW at the end of January, our annual meeting is scheduled for Thursday, February 25th at 7:00P. The meeting will be held on the first floor of the Page Walker Arts and History Center in Cary. Within each meeting announcement was a proxy (a means of assigning your vote to the current Board if you are not able to attend). The agenda for the meeting is attached.

We hope that every owner can attend this crucial meeting and election in order to make their own decision regarding the future of this Board and Community. If you cannot attend this meeting, please send in your signed proxy to our property manager, Precious Fisher, at the address below, or drop-off at any of the Current Board member's residences and we will ensure that your vote is counted.

Please return to: HRW, 4700 Homewood Court, Raleigh, NC 27609

In the upcoming week, Current Board members will be walking around our community to ensure that all owners are aware of the upcoming meeting and understand the decisions being made to ensure a positive future for our community.

Remember that if you are interested in improving our community and getting our community back on track to a solid financial footing with home repairs done on a timely, efficient, and responsible manner, PLEASE volunteer to join the Current Board by submitting your Nominee Information to Precious Fisher.

Work Orders - We need your information!

HRW and the board are attempting to review all "open" work orders, going back to December 10, 2009 when David Robbins with Grand Chester Meadows ceased from doing any more work for our community. On that date Mr. Robbins sent the Current Board all remaining work orders which were either on "Hold", "Rejected", "Paid" or "Emergency" status.

In order to make sure that we have the complete list of all outstanding work orders, we are asking owners that contacted Grand Chester Meadows and never received a response to their work order, to contact Precious at HRW so that your work order can be addressed.

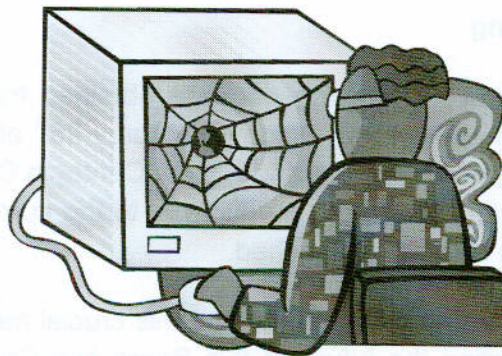
HRW and the Current Board are sorry for any inconvenience that Grand Chester Meadows might have caused. We are trying hard to make sure that our community is back on track with the work order process.

Windbrooke Website is Up and Running

Please visit our website at www.windbrookehoa.org.

Please be patient while we add documents. Items to be posted will include:

- Windbrooke HOA By-Laws
- Windbrooke HOA Covenants
- Travelers Insurance Policy
- Rules and Regulations
- Exterior Maintenance Policy
- Maintenance Responsibility
- Window Policy
- Windbrooke Pain Colors and Deck Stain
- Architectural Request Form
- Winds of Change newsletters
- Minutes of All meetings



Join our email distribution list

Printing costs the community money so as a cost savings measure we are asking you to provide us with your email address. Please send us an email with your name and address. Send it to windbrookeemails@gmail.com and look for future communications from your board. Thank you for your support.

Your Windbrooke HOA Board,

John Davis, 211 Windbyrne Dr., 342-4893 and 523-2066 (cell)

Katie Zechmeister, 239 Windbyrne Dr., 412-5697 (cell)

Lynette Pittman, 124 Windward Ct.

Daniel Specter, 234 Windbyrne Dr.

**Windbrooke Homeowners Association
Financial Statements**

**Balance Sheet
December 31, 2009**

		<u>Account</u>
Cash	113,284.05	1003
Dues Receivable	4,091.85	1401
Total Assets	<u>117,375.90</u>	
Accrued Payables	10,082.19	2001
Reserves	107,293.71	3300
Total Liabilities and Reserves	<u>117,375.90</u>	

**Income Statement
For The Year Ended December 31, 2009**

Owner Fees	161,457.62
Interest Reserves	306.97
Collection Fees	155.00
Late Fees	935.00
Draft Fee Income	1.00
Reimbursed Legal Fees	225.00
Masonite Siding Claim	8,156.66
Total Revenues and Other Inflows	<u>171,237.25</u>

Building General Repairs	15,424.52
Electrical	628.22
Roof Repair	2,285.94
Roofing Shingles	105,319.25
Roof Replacement	84,600.37
Replacement Siding	872.45
Pest Management	3,450.00
Gutter Cleaning	1,215.00
Grounds Maintenance	16,603.50
Electricity - Area Lights	2,436.81
Association Management	12,094.56
Legal - Collections	1,308.75
Legal - Dickson Lawsuit	4,391.70
Tax Filing/Preparation	535.00
Tax Payments	691.00
Property Insurance	16,092.65
Posting and Printing	1,668.23
Bank Service Charges	334.00
Miscellaneous Expense	1,695.61
Unknown - No Bank Statement	1,502.72
Total Expenses	<u>273,150.28</u>
Net Income (Loss)	<u>(101,913.03)</u>

**Income Statement
For The Year Ended January 31, 2010**

Owner Fees	9,683.15
Interest Reserves	90.05
Collection Fees	
Late Fees	
Draft Fee Income	
Reimbursed Legal Fees	
Masonite Siding Claim	
Total Revenues and Other Inflows	9,773.20
Building General Repairs	-
Electrical	-
Roof Repair	(0.03)
Roofing Shingles	-
Roof Replacement	-
Replacement Siding	-
Pest Management	-
Gutter Cleaning	-
Grounds Maintenance	1,493.50
Electricity - Area Lights	244.80
Association Management	1,400.00
Legal - Collections	-
Legal - Dickson Lawsuit	-
Tax Filing/Preparation	-
Tax Payments	-
Property Insurance	-
Posting and Printing	-
Bank Service Charges	9.00
Miscellaneous Expense	425.00
Unknown - No Bank Statement	-
Total Expenses	3,572.27
Net Income (Loss)	6,200.93

WINDBROOKE HOMEOWNERS ASSOCIATION

AGENDA – ANNUAL MEETING

FEBRUARY 25, 2010

7:00 PM – 8:30 PM

Introduction of Current Members (7:00 pm – 7:05 pm)

Reading and Approval of Previous Annual Meeting Minutes (7:05 pm – 7:10 pm)

Financial Statement Review (7:10 pm – 7:15 pm)

Reserve Study/Capital Maintenance Information/Update (7:15 pm – 7:30 pm)

Dickson Lawsuit Update (7:30 pm – 7:35 pm)

Introduction of Nominations for New Board Members (five-fifteen minutes, depending on number of nominations)

Questions to the Board/Comments by the Community Owners (up to thirty minutes)

Board Member Election