



**Avalon Village Owner's Association
Annual Meeting
9/13/2021
Finance Report
Presented by William Gilfillan, Treasurer**

Good Evening.

I would like to thank the members of the Finance Committee for faithfully attending our Finance Committee meetings. These members include Glenn Castner, Susan Gerhardt, Joel Gold, and Deborah Carey Johnson. I would also like to acknowledge the Board members, Nadine Morse and Martin Perfit, who regularly attended as well. Finally I would like to thank the Avalon staff who participated in all of our meetings. These include Beth Frost, the Cooperative Director, Ariel Bonin, the Administrative Assistant, and Karen Marysdaughter, the Bookkeeper. It has been a pleasure to work with all of these dedicated and professional individuals. Jan Trefethen stepped down from the Finance Committee this year and I would like to thank her for her service to the community.

I would like to report that Avalon finances are as healthy as they have been for many years.

Highlights for the Last Completed Year – January 1, 2020 thru December 31, 2020

A. Balance Sheet

1. Operating Account cash balance at the end of the year was \$39,339. This compares to \$29,481 at the end of the previous year.
2. Reserve Account cash balance at the end of the year was \$404,191. This compares to \$380,903 at the end of the previous year.

B. Operating Account

Revenues exceeded expenses by \$22,190. This compares to \$28,582 for the previous year.

C. Reserve Account

1. Revenues exceeded expenses by \$1,004. This compares to \$5,643 for the previous year.
2. Typical expenses included flooring, carpet, and appliance replacement, walkway and mailbox pad repairs, and painting.
3. Operations needed to borrow \$38,000 from Reserves for the October 2020 real estate tax payment. All but \$10,000 was repaid by December 31.
4. The balance remaining on the loan from Reserves to Operations for the purchase of the newest John Deere tractor was \$19,392. This amount is being repaid by \$300 per month.

Highlights for the Current Year – January 1, 2021 thru August 31, 2021

A. Balance Sheet

1. Operating Account cash balance at the end of August is \$56,614. This compares to \$52,334 at the same time last year.
2. Reserve Account cash balance at the end of August is \$433,845. This compares to \$430,472 at the same time last year.

B. Operating Account

Revenues exceed expenses by \$52,665. This compares to \$47,706 at the same time last year.

C. Reserve Account

1. Revenues exceed expenses by \$18,502. This compares to \$1,134 at the same time last year.
2. Operations needed to borrow \$20,000 from Reserves for the April 2021 real estate tax payment and that has been repaid.
3. The balance remaining on the loan from Reserves to Operations for the purchase of the newest John Deere tractor is \$17,592.

Reserve Fund Update

The Finance Committee conducted a review of the Reserve Fund and found several errors and omissions in earlier reserve studies that when corrected predicted that the reserve balance will decline to less than zero by 2033. In order to avoid this, the Board of Directors voted at the May 20, 2021 meeting to increase the annual rate of increase in the monthly reserve fee from 3.5% to 7.5%.

The current monthly reserve contribution of \$103.57 was scheduled to increase by \$3.62 on January 1, 2022 to a level of \$107.19. As a result of the Board's action, the monthly contribution will increase by \$7.77 to a level of \$111.34.

Keeping the reserves adequately funded is the way to avoid possible one-time assessments that might be needed for unanticipated capital expenses. A well funded reserve along with a well maintained and attractive community increases the perceived value of our shares to prospective buyers and should translate into higher share prices when shares are sold.

Next Year's Budget

Starting in October the Finance Committee will begin the process of developing the budget for calendar year 2022. We will strive to keep fees as affordable as possible while continuing to make Avalon an inviting, well maintained and vibrant community.

Respectfully submitted,

Bill Gilfillan