

**Spinnaker at Lake Dillon Condominium Association**  
Board of Managers Meeting  
January 18, 2023

**MINUTES**

**Call to Order**

The Meeting was called to order on January 18, 2023 at 6:35 p.m. via electronic means, Zoom®. Vicky Lee chaired the meeting.

Directors Present:	President:	Vicky Lee
	Treasurer:	Sue Bauer
	Secretary:	James "Skip" Spensley
	Member-at-Large:	Mark Stevenson
	Member-at-Large:	Don Daffron
	Member-at-Large:	Allen Kirsh

Directors Absent:	Vice President:	Jen Johnson
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Others Present:	HillStar Management (HSM)	Gwen Ballard, CAM
	Olave Bookkeeping	Georgia Olave

**Property Owner Forum:** There were no Owners in attendance to address the Owner Forum.

**Approval of Agenda:** The Board reviewed the agenda of the January 18, 2023 Board of Directors Meeting. ***A motion was made and seconded to approve the agenda as presented. The motion carried unanimously.***

**Approval of Previous Meeting Minutes:** The Board reviewed the meeting minutes from the November 14, 2022 Board Meeting. ***A motion was made and seconded to approve the minutes as written. The motion carried unanimously.***

**Financials**

- A. **Financials:** Currently, Spinnaker is running \$96,976 over budget for year-to-date through the end of December. This is mainly due to a few issues - Rental Income and Cleaning Income are significantly below budget at 36% of the Year-to-Date Budget. Several expense accounts are running over budget including Gas-Electric Common due to increases in Xcel charges, Bank Fees due to the Schwab investment account set up fees, Taxes & License due to new Town of Dillon Lodging and Parking license fees, Software and Cloud Hosting due to new maintenance software utilization, Hospitality which was not budgeted for this fiscal year, Insurance which was under budgeted this fiscal year, Legal due to increased delinquent account collection work, and Bad Debt due to another round of Bulk Foreclosures. These accounts will all need to be budgeted differently in this next fiscal year. The potential year end loss will need to be factored into the next budgeting cycle as well. Additionally, the Operating Account still owes the Reserve accounts about 63k and 10k transfers to catch this up continue to be made monthly.
- B. **Accounts Receivable:** The accounts receivable balance as of the meeting date was about 45k not including any doubtful account balances. There are ten (10) accounts (representing about 7k) that have not made a payment in over a year. Georgia proposed that these accounts be moved into collections with Turner Law. ***A motion was made and seconded to move ten (10) owner accounts to collections. The motion carried unanimously.*** It was also discussed and decided that the other delinquent accounts receive one more letter stating that if payment is not made within 30-days, their account would be turned over to our attorney.
- C. **Deed Backs:** One account in collections (308-23 Phillips) requested to pay the account in full and deed back the unit to Spinnaker. ***A motion was made and seconded to approve this***

**transfer. The motion carried unanimously.** Two other Owners (106B-32/106B-39 and 307-46) turned in Deed Back paperwork which the Board reviewed. **A motion was made and seconded to approve these Deed Back requests. The motion carried unanimously.**

- D. Tax Return: The 2021 tax return (fiscal year ending 3/31/22) was due on 1/15/2023. This return was prepared and sent to Vicky Lee for signature. This original return showed taxes owed of over 7k for rental income. Olave Bookkeeping worked with the JDS Professional to review the rental expense account utilized on the tax return. It was found that these were out of alignment with actual expense incurred by the rental activity. The expenses were updated, and the tax return was reprocessed showing no taxes were due. These updated returns were emailed to Vicky who was able to sign and mail them out before the deadline.
- E. Audits: Olave Bookkeeping has been working with the auditor at JDS Professionals on the fiscal year ending 3/31/21 audit. It was suggested that in order for the audit to be correct, all expenses that incur in a month need to be recorded in that month rather than when billed. This would include payroll, professional services, and utility costs. These additional costs should be recorded in the last month of the fiscal year for any expense incurred but not billed until the following fiscal year. The auditor advised that these entries should be made in the bookkeeping back to 3/31/2020. The Board discussed this and decided that they did not want these changes made due to the fact that the bookkeeping reports would then not match the financial reports provided to the Board and Spinnaker Owners. The Board requested that Georgia contact the auditor to see what the ramifications would be if they did not proceed with these entries. Gwen advised that Georgia should speak with an CPA in Summit County to see if this practice is common in the HOA community.

#### POST MEETING NOTE:

The day following the Board Meeting, Georgia spoke with Jolene Reddell, CPA of Stuhr and Associates regarding these audit questions. Per Jolene, the recording of incurred expenses is required in accrual audit accounting, however most HOAs do not keep their books in this detail. She as an auditor records these incurred expenses with the audit and gives the HOAs the entries to make in their books if they chose. She indicated that as long as the Board understands that the internal financial statements may not match the Audited Financial Statements, then there is no issue with not recording these entries. Basically, Spinnaker's bookkeeping can continue to be Modified Accrual Accounting. Georgia then contacted Spinnaker's Auditor and is working with him to provide the needed information for him to record the incurred expense at fiscal year-end for the audit, but not have the internal bookkeeping reports change.

**Adjournment:** The meeting was adjourned at 8:00 p.m. The next regularly scheduled meeting of the Board will be on January 30, 2023 at 6:30 p.m. via Zoom® to review and approve the operating budget for the upcoming fiscal year. The Budget Ratification Meeting of the Membership is scheduled for February 28, 2023 at 6:30 p.m.