

**Minutes of the Meeting of the Board of Directors of Richmond Manor Condominiums
January 15, 2007**

In attendance: Voting members: John Weschler, David Becker, Carol Lutovsky, Jan Gillman and Cheri Schuricht. Ex-officio member: Molly Mills. Also: Christine Williams, William and Judy Terry, Al Gunns, Jerry Taylor, and Doris Beck.

The meeting was called to order at 7:00 p.m. Minutes of the October meeting were approved.

Election of Officers: The following officers were elected for 2007:

President: John Weschler

Vice President: David Becker

Secretary/Treasurer: Cheri Schuricht

Former President's Report: Christine Williams presented a packet of documents to each board member to help guide the new association board. This consisted of "association responsibility" reminders and a sample resale document. Christine also stressed to the board the importance of adding a third bank account to reserve funds for insurance payments.

Treasurer's Report: Molly reported the following: (1) our two CDs matured in December, and by association board of director approval, the two accounts were rolled into one account and a new CD was purchased. (2) a spreadsheet of our current finances was reviewed, and (3) monthly assessments for unit #206 have not paid for three months. A letter from the board of directors was sent to Mr. Petosa, owner of the unit, in December reminding him to pay his overdue assessments by January 10th. The board has received no response. The board of directors will notify the financial institution holding his mortgage that the assessments have not been paid. The result is a lien on his property.

Manager's Report: (1) Molly Mills reported that she has sent a new phone, address, and email list of residents to each household via email. (2) Also, new garage door motors will be installed, requiring all residents to receive a new garage door opener. The cost will be approximately \$2000. (3) Molly continues to work on re-keying outside garage doorways. She will engage the services of a new locksmith, as the person originally contacted has not responded to calls to complete the work order. This will require all residents to add a third key to their entry keys. Resident keys will be the following: a home door key, a key for inside common doors, and an external garage doorway key (the new key).

Old Business:

- A. Garage Doors: Molly Mills will post instructions for manual operation of the garage doors on the garage bulletin board and through email. Also, the

garage door problem (repeated opening and closing) will be fixed by next week.

- B. Audit/Review: David Becker moved and Jan Gillman seconded the following motion: A special meeting of all residents will be called to recommend conducting a review of RMC financial records by a CPA. Discussion followed. It was explained by Christine Williams that an official **audit** would cost from \$4000 to \$5000, while a **review** costs about \$1400. It was decided that if a review found anything unusual or irregular, the board of directors could proceed with a full audit. The motion was unanimously approved. The president and vice president will decide on a suitable date and notify RMC residents.
- C. Mr. Gunns' plumbing: Al Gunns (#209) reported that he continues to have problems with the toilet in his guest bathroom. This has been an on-going problem that is due to our community plumbing. John Weschler will look into the problem.
- D. Height of trees on the west side of the building: Cheri Schuricht will speak to the four residents on western side of the building closest to 20th to determine the appropriate height of the trees.

New Business:

- A. Insuring and/or bonding of board of directors: Mrs. Bickford (#308) has requested that the board inquire about securing insurance and/or bonding to insure that the board members and our community assets are protected. Molly will check with our insurance agent to see if the board is covered by insurance in the master insurance policy. She will also look into bonding.
- B. Moving Fee: The possibility of imposing a "moving fee" as a one-time assessment to cover damage to the building as people move in and out was discussed. No action was taken.
- C. Installation of rain gauge: Bill Terry (#310) asked permission to install a personal rain gauge on the common roof. He reported that it would necessitate a change of battery once a year. Cheri moved and Jan seconded to motion to approve installation. The motion passed unanimously.
- D. Loud noise: It was reported that a loud party on January 14 and 15, 2007 lasting from about 10:00 p.m. to about 4:00 a.m. disturbed residents repeatedly. The noise appeared to be associated with unit #206. Some damage to the lobby resulted and litter and visible signs of human illness was seen in the lobby, on the second elevator lobby, and in the parking lot. The board of directors decided that the president and vice president would discuss the problem and condo rules with the tenant in #206. The expectation is that the building is quiet between 10:00 p.m. and 7:00 a.m.

The meeting was adjourned at 8:45 p.m.

Respectfully submitted,

Cheri Schuricht

**RICHMOND MANOR CONDOMINIUM ASSOCIATION
MINUTES OF THE OCTOBER 8, 2007 BOARD OF DIRECTORS**

Board members present: John Weschler, Jan Gillman, Cheri Schuricht, Molly Mills.

II. Old Business:

- A. Building Security Update. The following security measures have been completed:
 - a. New exterior door locks
 - b. Key safe in office
 - c. Insulation and door sweep on office door
 - d. New door guard on front door. This needs adjustment to provide added security.
 - e. Door sweeps on all exterior doors.
 - f. Bars on external garage open windows.
 - g. \$3,182.93 has been spent so far on these unanticipated expenses. We have taken the money out of the building maintenance budget to cover the cost of these security measures. So far, this does not exceed the budgeted amount for building maintenance.
 - h. The bid for from AAA locksmiths is for approximately \$80 per unit to add deadbolts to the garage storage doors.
 - i. Cheri moved and Jan seconded that the board resend the original motion made in August to install deadbolts in all garage door storage units at building expense. The motion passed unanimously.
 - j. Cheri moved and Jan seconded that the security committee offer owners 3 choices for garage security: (1)a basic deadbolt,(2) a bump-proof deadbolt or (3)do nothing. The fee for the individual deadbolt will be at owner expense paid directly to the security company doing the installation. The motion passed unanimously.

New Business

- a. Financial Management and Records- Presently records are kept on Molly's jump drive. Molly is interested in having records kept in the condo office computer rather than on her personal computer.
- b. Formats and frequency of financial reporting. The expectation is that financial reports are made available to all owners on a quarterly basis. Some people like the excel version used presently. Others would prefer a more user friendly version like Quick Books. The RMC board feels it is important that our finances are being managed well and we have suitable reserves.
- c. Audit Review: Owners voted at the annual meeting to have a two year audit review. Two auditors will be consulted to inquire about

the fee for this audit, how to have an on-going relationship with the condo board, and their experience working with a condo association.

- d. Finance and budget committee: It was recommended by the board to develop a finance and budget committee. Purpose-To set the yearly budget, to work with the accountant, to review the budget, and to make recommendations about necessary reserves to maintain the building, investigate insurance, etc. John will form a committee.
- e. 2008 Budget Considerations:
 - 1. Earthquake insurance premium increase.
 - 2. Automated soaker hose for north bank
 - 3. Grounds and garden plantings
 - 4. Periodic building maintenance

The meeting was adjourned at 8:45 p.m.

Respectfully submitted,

Cheri Schuricht, secretary

RICHMOND MANOR CONDOMINIUM OWNERS ASSOCIATION
SHORELINE, WASHINGTON 98177

REVIEWED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2007

AND

DECEMBER 31, 2006

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Alan K. Williamson, CPA, P.S.

ACCOUNTANT'S REVIEW REPORT

September 2, 2008

Board Members
Richmond Manor Condominium Owners Association

I have reviewed the accompanying balance sheet of Richmond Manor Condominium Owners Association as of December 31, 2007 and December 31, 2006 and the related statements of revenue, expenses, and changes in fund balances, cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Richmond Manor Condominium Owners Association.

A review consists principally of inquires of association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Alan K. Williamson

Seattle, Washington

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RICHMOND MANOR CONDOMINIUM OWNERS ASSOCIATION
BALANCE SHEET

December 31, 2007 and December 31, 2006

ASSETS:	As of <u>Dec 31 '07</u>	As of <u>Dec 31 '06</u>
Wells Fargo Bank - Checking	\$ 12,483.69	\$ 12,794.42
Wells Fargo Bank - Savings	14,352.79	7,731.65
Wells Fargo Bank - CD's	45,269.41	43,138.50
Wells Fargo Bank - Insurance Account	<u>6,106.32</u>	<u>-</u>
Total Cash	78,212.21	63,664.57
Owner Fees Receivable	-	530.00
Prepaid Insurance	546.72	363.03
Prepaid Utilities	-	182.94
Total Assets	<u>\$ 78,758.93</u>	<u>\$ 64,740.54</u>
LIABILITIES AND FUND BALANCE:		
Income Taxes Payable	<u>\$ 938.00</u>	<u>\$ 320.00</u>
Total Liabilities	<u>\$ 938.00</u>	<u>\$ 320.00</u>
Fund Balance	<u>77,820.93</u>	<u>64,420.54</u>
Total Liabilities and Fund Balance	<u>\$ 78,758.93</u>	<u>\$ 64,740.54</u>

See accompanying notes and accountant's review report

**RICHMOND MANOR CONDOMINIUM OWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006**

	<u>12 Months Ended 31-Dec-07</u>	<u>12 Months Ended 31-Dec-06</u>
REVENUE:		
Owner Assessment Fees	\$ 81,708.00	\$ 81,708.00
Interest Income	2,160.90	1,166.58
Miscellaneous Revenue	<u>642.27</u>	<u>31.11</u>
Total Revenue	\$ 84,511.17	\$ 82,905.69
EXPENSES:		
Utilities:		
Electricity	\$ 2,233.65	\$ 2,700.46
Garbage	1,870.14	2,192.33
Sewer	6,869.40	6,402.56
Sewer Treatment Charge	3,566.64	3,566.64
Water	<u>6,011.93</u>	<u>7,145.91</u>
Total Utilities	\$ 20,551.76	\$ 22,007.90
General Building Expenses:		
Alarm Maintenance & Monitoring	\$ 487.50	\$ 390.00
Bank Charges	25.06	5.00
Building Maintenance	7,965.35	3,881.96
Cleaning Expense and Supplies	2,146.23	1,890.00
Elevator Maintenance	3,047.01	3,476.61
Income Tax	618.00	320.00
Inspections and Testing	779.47	1,160.02
Insurance - Fire, Hazard, Liability, Earthquake	20,789.18	19,471.90
Landscaping and Groundskeeping	5,889.31	5,662.80
Management Fee	6,000.00	6,000.00
Office Supplies	719.63	446.48
Professional Fees	215.90	228.00
Telephone Expense	1,876.38	1,834.02

See accompanying notes and accountant's review report

RICHMOND MANOR CONDOMINIUM OWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)

	12 Months Ended <u>31-Dec-07</u>	12 Months Ended <u>31-Dec-06</u>
Total Expenses	\$ 71,110.78	\$ 66,774.69
EXCESS OF REVENUES OVER EXPENSES	\$ 13,400.39	\$ 16,131.00
FUND BALANCE - BEGINNING	64,420.54	48,289.64
FUND BALANCE - ENDING	\$ 77,820.93	\$ 64,420.54

See accompanying notes and accountant's review report

RICHMOND MANOR CONDOMINIUM OWNERS ASSOCIATION

STATEMENT OF CASHFLOWS

YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

	<u>Year Ended</u> 31-Dec-07	<u>Year Ended</u> 31-Dec-06
NET CASH FLOW FROM OPERATING ACTIVITIES:		
Excess of Revenues over Expenses from Operating Activities	\$ 13,400.39	\$ 16,131.00
Noncash Items included in income:		
Increase in Prepaid Insurance	182.19	363.03
Increase in Prepaid Expenses	(182.94)	182.94
Increase in Owner Fees Receivable	530.00	(530.00)
Increase In Income Taxes Payable	<u>618.00</u>	<u>320.00</u>
NET INCREASE IN CASH FROM OPERATING ACTIVITIES	<u>14,547.64</u>	<u>16,466.97</u>
CASH BALANCES AT BEGINNING OF YEAR	63,664.57	47,197.60
CASH BALANCES AT END OF YEAR	\$ 78,212.21	\$ 63,664.57

See accompanying notes and accountant's review report

RICHMOND MANOR CONDOMINIUM OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

NOTE A – SIGNIFICANT ACCOUNTING POLICIES:

NATURE OF ORGANIZATION:

Richmond Manor Condominium Owners Association was formed on January 31, 2003. The Association is responsible for the operation and maintenance of the common property within the development. There are twenty-seven (27) units that make up the Richmond Manor Condominium Owners Association. Common property is owned in undivided interests by the homeowners.

INCOME TAXES:

Richmond Manor Condominium Owners Association has elected this year to be taxed as an exempt organization under Internal Revenue Code Section 528 as long as 60% or more of its revenue is from dues, fees, or assessments of owners; and as long as 90% or more of its expenditures are for acquisition, construction, management, maintenance, and care of the common property, the association may elect to pay tax on the lower of the regular corporation rates on taxable income or homeowner's association rates (30%) on the non-exempt income. Interest income is non-exempt income. During the process of this review it was discovered that amended corporation income tax returns for 2007 and 2006 must be filed and additional income tax is owed. The amounts are \$320 for 2006 and an additional \$153 beyond the \$465 paid with the original 2007 return filed.

ACCRUAL BASIS:

The financial statements of the Richmond Manor Condominium Owners Association have been prepared on the accrual basis. Funds may be restricted by action of the Board. However, no funds were restricted as of the end of the years presented.

See accountant's review report

ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Washington State Legislature passed and the Governor signed into law effective June 12, 2008 a statute requiring that condominium owners associations must prepare a reserve study starting in 2009. I became aware of a reserve study, performed by David Bach & Associates, LLC with an initial report issued May 2, 2008 and a subsequent report issued July 2, 2008 and determined that the reports contained information having a material financial impact on the Association going forward. The Finance Committee of the Association prepared its own Funding Plan, using the Bach reserve studies as a basis for the Funding Plan. I concur with the soundness of the Finance Committee's approach and conclusions. Complete copies of both the initial and subsequent report as well as the Funding Plan developed by the Finance Committee are available upon request from the Board of the Richmond Manor Condominium Owners Association. Required supplemental information in accordance with guidelines issued by the American Institute of Certified Public Accountants is included with my report as well as a description of the Association's Funding Plan variance from the David Bach & Associates reserve study and proposed annual increase in dues to adequately fund the reserves to cover anticipated major repairs and replacements.

See accountant's review report

Alan Williamson

From: WRTERRY@aol.com
Sent: Wednesday, August 13, 2008 7:19 AM
To: cpaalan@mindspring.com
Subject: RMC Funding Plan
Attachments: Reserve Study Worksheet - WRT.xls

Alan,

Using the attached spreadsheet the Finance Committee Board developed a Funding Plan as follows:

- * Yr 2009 increase contribution to reserves by an average of \$40/Unit/Mo, for a total contribution to Reserves of \$26,160/yr
- * Yr 2012 increase contributions by another \$20/Unit/Mo.
- * Yr 2017 increase contributions by another \$10/Unit/Mo.
- * Yr 2022 increase contributions by another \$10/Unit/Mo.
- * Yr 2027 increase contributions by another \$10/Unit/Mo.
- * Yr 2032 increase contributions by another \$10/Unit/Mo.
- * Yr 2037 increase contributions by another \$10/Unit/Mo.

The basis of the Funding Plan is the Reserve Study prepared by David Bach and Associates. We deviated from the RS in only one (1) instance: the torch down roof replacement in 2021 and a smaller section of roof in 2033. For cost estimates of those components we utilized a written proposal recently prepared from RoofCorp (the company that installed our original roof in 2003) and selected to Recover the roof vs remove/dispose and replace. To prepare the cost estimate RoofCorp visited the site, used the original (2003) plans to obtain dimensions and details as to construction, etc. They advised that a Recover project was viable, weight was not a factor for a "first" recover and this method should be considered to have a life expectancy of 18 years (same as if the roof was replaced). This change reduced the cost of roof redo from \$184,262 to \$105,931. I can provide you the written proposal from RoofCorp if you need.

We did adjust the average interest earned rate from 2.1% to 3.247% which is our current weighted average rate (we recently reinvested a CD at a 4.0% rate bringing our weighted ave return to the new figure). And we adjusted the expected cost inflation rate to 3.5% from 3.0% as used in the Bach analysis.

The % fully funded increases to 66% at year end 2009 and up to 129% in 2012 before some major projects come the following year. Under this plan our Reserves indicate a positive balance for the next 14 years (when the fully funded ratio is very slightly negative (-0.06) and returns to the positive range for a number of years. We consider the probability of a special assessment during the next 15 years to be remote. Of course we must review the Reserve Study every year (and by a professional every 3 years). Along with those reviews will be a reevaluation of the Funding Plan and adjustments as indicated.

I will call you to discuss this and answer your questions.

Thank you,

Bob Terry

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8/14/2008

Supplementary Information on Future Major Repairs & Replacements (Cash Flow)

AICPA Report

July 2, 2008

RICHMOND MANOR CONDOMINIUMS OWNERS

<u>Components</u>	<u>Remaining Estimated Useful Lives (Years)</u>	<u>Current Estimated Replacement Costs</u>	<u>FY09 Funding Requirement</u>	<u>Components of Fund Balance End of FY08</u>
Reserve Study	2 to 2	2,500	233	833
Streets	0 to 4	2,108	90	1,708
Roofs	12 to 24	184,263	4,113	0
Painting	2 to 9	99,737	5,067	22,505
Buildings - Interior	1 to 14	34,335	1,475	2,229
Buildings - Exterior	1 to 24	42,269	914	11,946
Equipment	1 to 11	30,800	818	680
Grounds	0 to 4	16,600	490	10,500
Total	<i>41 items</i>	412,611	13,200	50,400

Supplementary Information on Future Major Repairs & Replacements (Cash Flow)

AICPA Report

July 2, 2008

RICHMOND MANOR CONDOMINIUMS OWNERS

Components	Remaining Estimated Useful Lives (Years)	Current Estimated Replacement Costs	FY09 Funding Requirement	Components of Fund Balance End of FY08
<u>5 - Reserve Study</u>				
Reserve Study	2	2,500	233	833
SubTotal 1 items	2 to 2	2,500	233	833
<u>10 - Streets</u>				
Asphalt - Repairs, Seal Coat, Pavement Marking	0	1,108	62	1,108
Concrete - Walkways	4	1,000	28	600
SubTotal 2 items	0 to 4	2,108	90	1,708
<u>20 - Roofs</u>				
Roofing - Architectural Composition Shingle	24	15,890	185	0
Roofing - Torch Down Asphalt Composition	12	168,372	3,928	0
SubTotal 2 items	12 to 24	184,263	4,113	0
<u>30 - Painting</u>				
Paint - Exterior, Stucco, Hardi Plank Siding	4	71,000	3,864	15,791
Paint - Exterior, Trim, Metal Doors	4	10,037	562	2,007
Paint - Garage Storage Doors, Walls	9	7,500	233	0
Paint - Interior, Ceiling and Crown Molding	9	1,800	56	0
Paint - Interior, Lobby Area	2	500	47	167
Paint - Interior, Lower Hallways	4	800	45	160
Paint - Interior, Meeting Rooms	4	600	17	360
Paint - Interior, Stairwells	4	1,200	67	240
Paint - Interior, Trim Baseboards & Chair Rails	4	1,200	34	720
Paint - Interior, Unit Entry Doors	4	3,500	98	2,100
Paint - Interior, Upper Hallways	4	1,600	45	960
SubTotal 11 items	2 to 9	99,737	5,067	22,505
<u>70 - Buildings - Interior</u>				
Carpet - Elevator Lobbies	1	850	34	729
Carpet - Hallways	6	17,399	812	0
Carpet - Meeting Rooms	6	3,222	150	0
Carpet - Stairwells	6	5,764	269	0
Fire Alarm Control Panel / Annunciator	14	2,800	56	0

Supplementary Information on Future Major Repairs & Replacements (Cash Flow)

AICPA Report

July 2, 2008

RICHMOND MANOR CONDOMINIUMS OWNERS

<u>Components</u>	<u>Remaining Estimated Useful Lives (Years)</u>	<u>Current Estimated Replacement Costs</u>	<u>FY09 Funding Requirement</u>	<u>Components of Fund Balance End of FY08</u>
Lobby Area Refurbishing	4	2,500	70	1,500
Security - Intercom System Remote Station	6	1,800	84	0
SubTotal <i>7 items</i>	1 to 14	34,335	1,475	2,229
<u>75 - Buildings - Exterior</u>				
Balcony Decks Coating	1	13,937	557	11,946
Gutters & Downspouts Replacement	19	8,532	126	0
Skylights	24	19,800	231	0
SubTotal <i>3 items</i>	1 to 24	42,269	914	11,946
<u>80 - Equipment</u>				
Basboard Heater (Elevator & Electrical Room)	14	700	14	0
Elevator - Cab Refurbishing	14	2,500	50	0
Elevator - Repairs, Hydraulic	11	12,000	305	0
Fire Sprinkler Compressor	14	500	10	0
Garage Exhaust Fan Motor & Belt	14	650	13	0
Irrigation System Timer	6	300	14	0
Outdoor Lights Timer	6	300	14	0
Roof Top Ventilators - Common Area	14	9,000	180	0
Security Surveillance System	4	2,500	140	500
Ventilation Fan - Elevator Room	4	300	8	180
Ventilator/Exhaust Fan (Roof Top)	11	650	13	0
Wall Heaters, Electric (Common Area)	7	1,100	56	0
SubTotal <i>12 items</i>	4 to 14	30,800	818	680
<u>100 - Grounds</u>				
Garage Gate Operator	0	1,300	61	1,300
Landscaping Restoration	1	15,000	420	9,000
Mailboxes Repair Allowance	3	300	9	200
SubTotal <i>3 items</i>	0 to 4	16,600	490	10,500
Total <i>41 items</i>		412,611	13,200	50,400