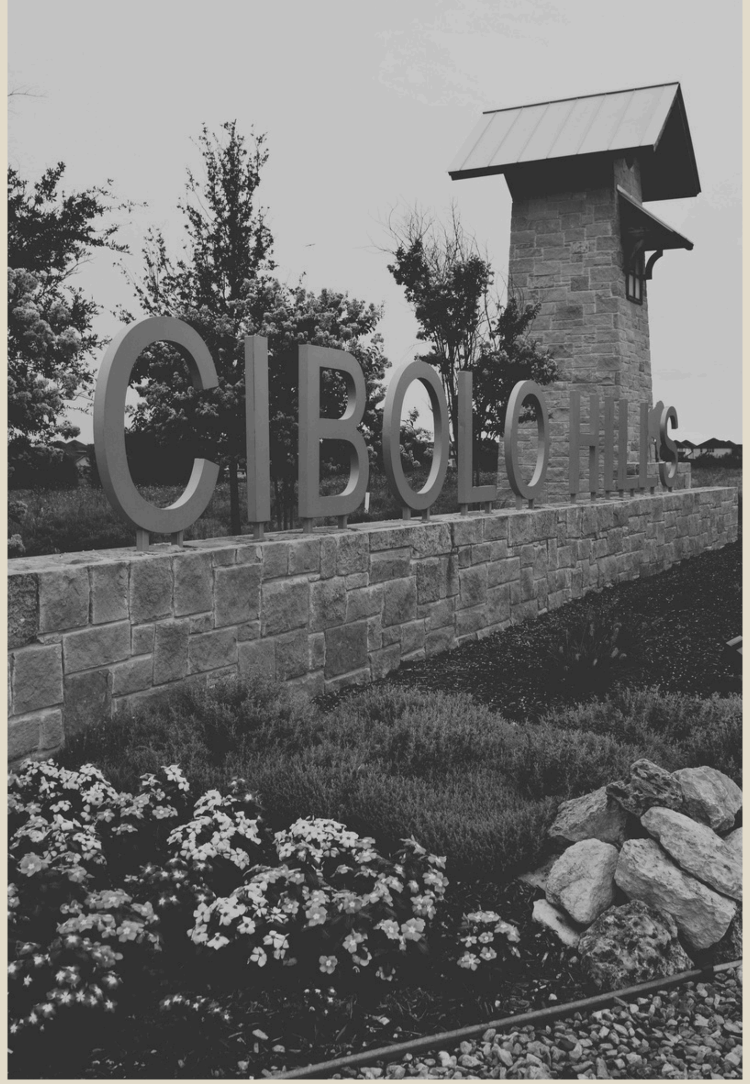

BUILDING A BUDGET YOUR *community* CAN TRUST

PRESENTED BY

Neighborhood
MANAGEMENT INC

HERE'S WHAT WE'LL COVER

- WHY THE BUDGET PROCESS MATTERS
- THE ANNUAL BUDGET CYCLE
- PREPARE AND GATHER
- DRAFT THE BUDGET
- FUNDING RESERVES
- BOARD REVIEW, APPROVE & NOTIFY

WHY THE BUDGET PROCESS MATTERS

The annual budget is how the board turns assessments into well-kept homes, healthy reserves, and services members can rely on. A clear, repeatable process keeps decisions transparent and defensible.

1.

FIDUCIARY DUTY

The board manages shared funds in every member's best interest. Accuracy and care come first.

2.

TRANSPARENCY & TRUST

An open, documented process builds member confidence and reduces disputes at meeting time.

3.

FINANCIAL STABILITY

Correct assessments and well funded reserves prevent surprise special assessments down the road.

THE ANNUAL BUDGET CYCLE AT A GLANCE

Every year follows the same rhythm — from gathering the numbers in summer to adopting the budget.

1. **PREPARE & GATHER**
   JULY - AUGUST

2. **DRAFT THE BUDGET**
   AUGUST - SEPTEMBER

3. **BOARD REVISE & APPROVE**
   OCTOBER

4. **NOTIFY HOMEOWNERS**
   NOVEMBER - DECEMBER

THE SAME CYCLE EVERY YEAR: PREDICTABLE, TRANSPARENT, AND FINISHED BEFORE THE NEW DUES TAKE EFFECT ON JANUARY 1.

PREPARE & GATHER

PHASE 01 · JUL – AUG

Get the facts on the table before drafting a single number.

BUDGET COMPARISON

Compare prior-year actuals against budget to see where estimates missed.

COLLECT THE PAPERWORK

Gather vendor contracts, fresh bids, and insurance renewal quotes.

ASSESSMENT

Don't be afraid to increase.

DRAFT THE BUDGET

PHASE 02 · AUG – SEPT

Build the operating plan line by line — what comes in, and what goes out.

INCOME

- Regular member assessments
- Interest & other income

OPERATING EXPENSES

- Utilities & landscaping
- Insurance & management
- Repairs & maintenance
- Reserve Funding

KEEP OPERATING DOLLARS AND RESERVE CONTRIBUTIONS ON SEPARATE LINES — NEVER BORROW FROM TOMORROW TO PAY FOR TODAY.

TIPS & TRICKS

FLAT LINE BUDGET

Spending levels are kept the same year over year

vs.

TREND BUDGET

Adjusting spending based on shifting cost patterns

SUMMARY

High-level overview of costs grouped into broad categories

vs.

DETAILED

Breaks down each expense individually for precise tracking and justification

FRONT LOADING

Allocating funds early in the year

vs.

12 MONTH SPREAD

Expenses spread across the year

FLAT LINE BUDGET EXAMPLE

Budget

Fiscal year: 2026

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Utilities												
5303 - Electricity	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
5304 - Garbage Service	$48	$48	$48	$48	$48	$48	$48	$48	$48	$48	$48	$48
5305 - Water/Sewer - Irrigation	$208	$208	$208	$208	$208	$208	$208	$208	$208	$208	$208	$208
5306 - Water/Sewer - Amenity Center/Pool	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
5309 - Security Monitoring	$245	$245	$245	$245	$245	$245	$245	$245	$245	$245	$245	$245
Total Utilities	$1,251	$1,251	$1,251	$1,251	$1,251	$1,251	$1,251	$1,251	$1,251	$1,251	$1,251	$1,251

IN MONTH BUDGET EXAMPLE

Budget

Fiscal year: 2026

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Taxes												
Insurance												
5250 - Commercial Package Insurance	-	-	-	-	-	-	-	-	$10,000	-	-	-
5251 - Directors' & Officers' Ins.	-	-	-	-	-	-	-	-	$3,000	-	-	-
5252 - Umbrella Policy	-	-	-	-	-	-	-	-	$1,000	-	-	-
Total Insurance	$0	$0	$0	$0	$0	$0	$0	$0	$14,000	$0	$0	$0

FRONT LOAD BUDGET EXAMPLE

Budget

Fiscal year: 2026

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Income												
Landscape												
5601 - Contract Landscape Maintenance	$1,729	$1,729	$1,729	$1,729	$1,729	$1,729	$1,729	$1,729	$1,729	$1,729	$1,729	$1,729
5603 - Landscape Improvements	$2,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5604 - Annual Color	-	-	$1,795	-	-	-	-	-	-	$1,795	-	-
5605 - Tree Maintenance	-	-	$5,000	-	-	-	-	-	-	-	-	-
5630 - Holiday Lights & Decorations	-	-	-	-	-	-	-	-	-	-	-	$2,722
5650 - Irrigation Maintenance	$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Landscape	$1,988	$1,988	$4,782	$1,988	$1,988	$1,988	$1,988	$1,988	$1,988	$3,782	$1,988	$4,710

FUNDING THE RESERVES

PHASE 03 · OCTOBER

Protect the community's big-ticket assets so the future pays for itself.

- **Fund from the study** - Set the annual reserve contribution straight from the reserve study.
- **Target a healthy level** - Aim for a strong percent-funded position — often 70% or better.
- **Plan the big replacements** - Roofs, roads, and the pool are scheduled, not surprises.
- **Avoid special assessments** - Steady contributions today prevent painful one-time bills later.

70% + FUNDED

BOARD REVIEW

PHASE 03 · OCTOBER

Scenario A

HOLD DUES FLAT

Keep assessment level where reserves and service levels already line up.

Scenario B

MODEST INCREASE

A small, planned step that keeps pace with rising costs.

Scenario C

CATCH-UP FUNDING

A larger adjustment to rebuild reserves and avoid assessments.

THE GOAL: BALANCE THE SERVICE LEVELS MEMBERS EXPECT AGAINST ASSESSMENTS THE COMMUNITY CAN AFFORD — THEN RECOMMEND ONE NUMBER.

APPROVE & NOTIFY

PHASE 04 · NOV - DEC

1.

HOLD OPEN BOARD MEETING

OPEN YOUR BUDGET MEETING FOR QUESTIONS, COMMENTS, AND REVIEW.

2.

BOARD APPROVES

BOARD APPROVES BUDGET & ASSESSMENT AMOUNT

3.

NOTIFY

ALL MEMBERS NOTIFIED OF THE ASSESSMENT SET FOR 2027 AND BILLING CYCLE.

4.

TAKES EFFECT

NEW DUES AND THE NEW BUDGET GO LIVE ON JANUARY 1.

Thank you for your time!

DON'T HESITATE TO REACH OUT TO US WITH ANY QUESTIONS.

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