

# THE GASSEN WAY

COMMUNITY ASSOCIATION MANAGEMENT

Spring Edition 2019



## FREQUENTLY ASKED QUESTIONS

**Kyle Mikesh, Vice President**

**Q: What happens around the Association's grounds at the beginning of Spring?**

A: Just like mother nature waking up in the Spring time the grounds at an HOA wake up as well. There are several things that happen to "wake" up the Association grounds after a long, hard winter in Minnesota. Your Gassen Association Manager will typically perform a spring walk during which time items needing attention will be identified such as: Startup of the irrigation system, initial cleanup of the grounds, trimming of shrubs and bushes, street or parking lot sweeping, fertilizing lawns and outdoor plants, startup of fountains, and seeding lawn damage that may have been caused by snow removal. Your Manager will work with the Board to prioritize and schedule your association's "wake up" tasks.

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## A NOTE FROM KIRK GASSEN

### Looking into the Future

We are proud to announce we now have a mobile app to better service our clients, it's called Gassen Connect! This new technology allows our clients to decide how they want to receive the important information we provide on a regular basis, text, email or mobile app. Gassen Connect is a mobile app and website combined.

Gassen Connect allows easy account access from any device. Homeowners can make a payment, update their contact information, view the rules and regulations to ensure compliance, receive notifications in a way they want to receive them. This new technology is user friendly, providing a personalized website to each Association with a community calendar, association photos, documents, links, RSVP's and a resident directory, plus a whole lot more! There's even an interactive webpage between your Association Manager and Homeowners.

For more information and to get started please contact your Gassen Association Manager. We look forward to being able to provide you even better service with Gassen Connect.

As always, thank you for your business!



## TACKLING LARGE AND EXPENSIVE PROJECTS

### Terry Maass, Vice President

The first step in tackling a large and potentially expensive project is creating a precise Request for Proposal.

To begin, consider hiring a Project Manager. A professional Project Manager can determine specifications, write the Request for Proposal (RFP) and/or manage many of the required steps. Project Managers are skilled in establishing project budgets, determining accurate timetables, negotiating pricing, assisting with assessments, pre-planning, building a scope of work, and all aspects of a project from beginning to project completion. All these tasks allow associations to meet deadlines and financial goals. As with any contractor you hire, do your due diligence before making a final decision.

### What is included in a Request for Proposal (RFP)?

A good RFP contains information and terms for the proposed project, ensuring all contractors' estimates are based on the same scope of work.

- Specify the precise location the work will be performed
- Determine who will be responsible for storing materials, supplies and equipment
- Determine a schedule including start date, inspections and completion date
- Specify who is responsible for communicating with contractor and notifying homeowners
- Include the Association as an "additional named insured" on the contractor's insurance policy and verify your workers comp coverage.
- Require that any change orders be approved in writing by the Board
- Implement a payment plan for the purchase of materials and how labor will be paid
- Require all vendors wear clothing identifying them as vendors
- Specify a reasonable deadline for RFP responses to be completed and returned for consideration
- Always consider requesting the Association's Attorney review the RFP and any documents related to the contract before sending it to the contractor

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# EXCEPTIONAL IS WHERE YOU LIVE

## Q: Why are my dues increased?

A: A Homeowner Association is just like any other business and the cost of doing business occasionally goes up. Contract prices increase, the cost of maintenance increases, and as a community ages more work and maintenance is typically needed. The Board of Directors must make the often-difficult decision to raise homeowner dues. However, if dues are not increased as needed to make repairs or perform maintenance, over time it is likely the Board may have no choice but to authorize a special assessment or risk a decline in certain maintenance items leading to a potential decrease in home values.

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## What do you do once you've received the contracts or bids?

- Track bids on a spreadsheet; compare major points ensuring they meet the RFP's requirements
- Verify each contractor's references, reviews and applicable licenses
- Once the Board has selected a contractor, make sure a designated Board member is kept abreast of the progression of the project. If the Board elects to not hire a Project Manager, designate someone to ensure timelines are met and project specifications and codes are followed.

Completing a large project doesn't have to be overwhelming, and preparing a detailed RFP makes it easier to compare contractors' bids. Understanding the scope of work, payment plan and project schedule will insure a successful project outcome.



## SO MANY NUMBERS.... SO LITTLE TIME!

### Amy Kleinschmidt, Chief Financial Officer

A question I hear frequently from board members is, "The monthly financial reporting package has a lot of information. Which reports are the most important for me to focus on?"

I understand the question. We all have limited time available and want to make the best use of that time. There are certain reports that are essential for at least one member of the board – usually the Treasurer – to review each month:

**Balance Sheet** - This report is sometimes referred to as the "Statement of Financial Position" because it truly does display the association's financial resources as of the last day of the month. When reviewing a Balance Sheet, there are a few questions I always ask myself:

- Is the operating cash balance sufficient to cover two to three months of operating expenditures?
- Is the replacement reserve cash balance adequate for future needs? (A comparison to your reserve study is helpful here.)
- What is the balance of unpaid homeowner dues and other assessments, and what are we doing to collect these balances? (Check the balance in the Accounts Receivable account and review the "**AR Aging Delinquency**" report for balances by homeowner.)

**Income Statement** - This report is provided in two formats and gives you a summary of the revenue and expenses for the current month and on a year-to-date basis.

The **Budget Comparison Report** allows you to track your actual results compared to what you planned. This report can quickly identify variances to budget and allow the board to ensure appropriate fiscal decisions are being made. The full year budget is provided on the report for reference to gauge remaining budget dollars in each category.

The **Income Statement Trend** Report allows for reviewing results by month to identify unusual items or to spot trends. The rows on this report are identical to the Budget Comparison Report, but the columns show each month of the year thus far, rather than a comparison to budget.

**AP Distribution Report** – This report is essentially the check register for your association, showing all checks cut for that month. This should be reviewed so that you are comfortable with all the vendors that have been paid during the preceding month.

If you are interested in learning more about your monthly financial reporting package, please contact your Association Manager to set up a complimentary financial training session for you and your fellow board members. I enjoy hosting these training sessions and would love to see you there!

