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# REAL PROPERTY MANAGEMENT

## CASH VS. ACCRUAL ACCOUNTING

**SHERI BURKE, CMCA®, CONTROLLER**

**T**he cash and the accrual methods of accounting are the two principal methods of keeping track of a company's income and expenses. The only difference between the two is the timing of when a transaction is debited or credited to the company's books.

Cash accounting records the income when it is actually received either by check, cash or credit card. With cash accounting, the expense is not recorded until the check to the vendor is paid. Cash accounting is simpler to use but can be deceiving as to the amount that a company reports as income in a single month. For ex: one month could show that you are highly profitable but that may only be because your customers paid their fees within the same month but the following month would have shown a loss of income because the company paid all of the vendors. Also, if you have a large amount of invoices that must be paid and you have a shortfall, those invoices are not posted. In turn, this does not provide an accurate record of your Association's financial health.

Accrual accounting records the income when the service is rendered or due, not when the funds are received. At the same time, the expense related to the income transaction is recorded within the company's accounts. Accrual accounting may record more transactions within a period but accrual better matches the income with expense to give a better financial picture of profitability on a monthly basis.

For corporations, the IRS requires that a company use the calendar fiscal year for the tax year, beginning Jan 1 and ending Dec 31. The accrual



method accounting provides for the tracking of accounts receivable and accounts payable. This provides a clearer financial picture of a corporation for the IRS when the tax return is submitted. Community Association's should be prepared on the accrual basis of accounting in order to be in conformity with GAAP. This is stated in the AICPA (American Institute of Certified Public Accountants) guidelines.

To sum everything up, cash accounting may be the easiest and simplest accounting method but can leave a corporation not able to accurately track their true profitability while as the accrual method better matches income and expenses for a corporation that gives them a much better picture of their long term profitability.

# CELEBRATING 30 YEARS IN BUSINESS

This year marks the 30th Anniversary of Real Property Management, Inc. It is hard to imagine that RPM has been serving the central Ohio, and surrounding area for that long! We look so young!

We would like to thank all of our clients, new and well established, for the opportunity to serve your Associations. We look forward to many more years! We are thrilled to

be a part of your community and strive to continue to offer programs that benefit you and your community.

On September 30<sup>th</sup>, RPM will hold an Open House to celebrate our anniversary. More information and details will be forthcoming in the near future and we hope that you will be able to join us in our celebration!

## RPM'S SERVICE DEPARTMENT IN FULL BLOOM



### ANDY MORANO, LANDSCAPE MANAGER

**T**he RPM service team has been hard at work the past three months. In October 2008, RPM was awarded 43 flower installation contracts within our communities, providing a splash of color at the entrances, community centers and models. The program started in April with soil amendments and prepping. This year we used 48,000 pounds of sewage sludge as a natural fertilizer. The flower crews designed and installed 'flowerscapes' at our communities planting a total of 54,000

flowers. From now until the first frost this fall, RPM's two water trucks will perform the maintenance and fertilization of our flowers.

Along with the installation of flowers, we opened, adjusted and made repairs to numerous irrigation systems in communities that have irrigation systems installed to water in the flowers.

We would like to thank all our technicians who helped make this program successful. Thanks to Andy Morano, Brian Thacker, Roger Smith, Trent Nutter, Bill Hanshaw for all your hard work.

## RPM PROFILES - MANDY CORDLE, CMCA®

### 1. YOU HAVE A MULTI-FACETED ROLE AT RPM. WHAT IS THE MOST CHALLENGING ASPECT OF YOUR JOB?

Coordinating the various projects to make sure the tasks are completed when the community managers need them.

### 2. WHAT DO YOU LIKE TO DO IN YOUR SPARE TIME, AWAY FROM THE OFFICE?

Spending time with my kids, reading and watching college football, Go Bucks!!

### 3. WHAT DO YOU ENJOY THE MOST ABOUT YOUR JOB?

Finding new ways to improve our customer service that allow us to better serve our customers in a more timely manner and with good information.

### 4. WHAT TV SHOW DO YOU NEVER WANT TO MISS?

American Idol



Mandy has been with RPM since 2002. She began her career as an Administrative Assistant to one of our Senior Property Managers. Soon after, she was asked to take over the role of IT Administration, which she continues to maintain. After our nine administrative assistants were pooled into our newly developed Customer Service Team, she took over the management of that group.

### 5. LIST ONE THING THAT COULD MAKE YOUR JOB EASIER?

A more comprehensive computer software to allow us to track information and phone calls.

### 6. DO YOU SING? PLAY ANY INSTRUMENTS?

Only in the car, by myself. I play the flute. I started in middle school and still have it today. I pick it up and play every once in a while.

### 7. DO YOU HAVE A FAVORITE SPORT AND IF SO, TEAM?

There is only one college football team - THE Ohio State Buckeyes!! "Beat USC"!!

# VIEWS FROM ASSOCIA®

## CAN WE GET A ROUND OF APPLAUSE PLEASE?

*Board Members Dig In to Meet the Challenges of Today*

CAROLYN CUMMINS, PCAM, CMCA, SENIOR VICE PRESIDENT, ASSOCIA

**W**ith delinquencies on the rise, foreclosures looming, vendors needing to be paid, owners wanting areas maintained and pools open, it can seem like a laborious task to be a Board member these days. So why do it? It might be the need to give back or a selfish need to make a change in the community. It could even be something as simple as a desire to help and improve the lives of your neighbors as well as your own. Whatever the reason may be, Board members should be commended for their tireless efforts. Board members, and for that matter committee members, serve as volunteers; non paid workers who devote personal time to helping maintain common areas and ensuring the governing rules and regulations are adhered to. Along with

this can come some unpleasant interactions with unhappy owners, vendors or others who often find themselves in difficult situations and unable to meet their Association obligations. Today, though perhaps more challenging, is no different than any other day for a Board member of a homeowners Association. Some situations may have been forced into the forefront like foreclosure and spiking delinquencies but the goals of the Association and the Board of Directors are the same: maintain and improve property values in the community. Board members' fiduciary responsibilities obligate them to act in good faith and in the best interest of the owners/members while still exercising good judgment and acting within the legal guidelines of the Association. Sometimes these

responsibilities can be at odds with each other and create a challenging situation for Board members. It is these tough decision making times that Board members do not like; it is not fun or easy to be the enforcer, in good or bad times.

Associa and Real Property Management, Inc. understand the challenges Board members face and sincerely appreciate all the hard work, selfless time and energy dedicated to maintaining the integrity of the Association. Thank you to all Board members, committee members and other Association volunteers for lending a hand in improving the community.



## WELCOME NEW COMMUNITIES:

We would like to welcome our most recent additions! RPM is proud to announce management of the following communities:

- Walnut Grove Estates Homeowner Association
- Preserve at Seldom Seen Homeowner Association
- Broad-Brunson Place Unit Owners' Association
- Dorothy's Pond Condominium Association
- Parkway Crossing Condominium Association
- Estates at Polaris Village Condominium Association
- Estates at Tremont Club Condominium Association
- Village at Tremont Club Condominium Association
- Tremont Club Master Association

## POND MAINTENANCE

**ANDY MORANO, LANDSCAPE MANAGER**

**M**ost communities constructed in the last few years have ponds as a part of the amenities offered. Many of your communities may have such a feature. They provide visual appeal and beauty certainly, but they also serve a purpose. Under recent EPA regulations, it has been vital for these ponds to collect water run off from your roofs and streets, keeping the water that collects in your community. According to the EPA, storm water is a leading source of water pollution in nearly 40 percent of water bodies in the U.S. It is vital that the run off water does not go into our

water supply. Having these ponds helps to keep possible toxic water from going into our natural streams, lakes and reservoirs. Some ponds also are fed by wells that feed the ponds and irrigation systems. This is helpful to lower the usage of our drinking water, in return saving the Association money down the road and one more step to being 'green'. Now that you have these ponds, they need to be maintained. They attract natural habitats such as cat tails, algæ and geese. These may need to be controlled through chemical and natural treatments. Fountains may be used as well. While they are in place to add beauty,

they also provide water circulation and oxygen to your pond. These are items that an Association must attend to on a regular basis in order to keep your pond looking its best. Maintenance includes winterizing fountains by removing, cleaning and storing them in the winter season.

In keeping with Real Property Management's full service maintenance department, we will be unveiling our new pond maintenance division in order help your Association with any of your pond maintenance concerns in the 3rd quarter of 2009.

# PARTNERSHIP PROGRAM WHICH CAN BENEFIT YOU!

RPM and Associa are happy to announce a new partnership program with Sherwin Williams Paint. This program allows any resident residing in a community managed by RPM to receive a 15 percent discount on various items at 29 locations in Columbus/Central Ohio paint stores and two dedicated flooring stores located in Columbus and Heath, Ohio.

Sherwin Williams has a wide local inventory, providing a variety of hard to find colors to match current Association colors. Individuals may find this helpful when trying to remain in compliance with the outside look of the Association. Even if you have used another supplier in the past, Sherwin Williams can find and make a match for you.

To find location and printable card, go to [www.sherwin-williams.com/npc/associa](http://www.sherwin-williams.com/npc/associa). Residents will need to print out the information and take it with them to the store. It should indicate Acct. # 3700-3278-1 is to be used. This account number will offer you the discount on your purchase. All items must be paid, in full, at the time of purchase in order to partake in the 15 percent discount.

Happy Painting!

## CELEBRATING 30 YEARS IN BUSINESS

Thank you for your business, we hope you will be with us as we celebrate our next milestone.

 **Associa**<sup>®</sup>  
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