

Outsource Day-to-Day Accounting Tasks

Self-Managed Community Support or Lower Cost Option to Full Management

You may be ready to consider a different solution to handle your community's financial work either because your treasurer is moving or you want to improve your process or maybe you have full management but are considering self-management to save money but want some extra support. Help is available, there is an option.



By Russell Munz

What makes up the day to day accounting tasks? These tasks are broken into three activities: accounts receivable, accounts payable and financial reporting. Accounts receivable includes: sending out monthly common charge statements, collecting the monies, depositing, and sending late notices and calling delinquent payers. I recommend sending out a monthly statement that allows for adding late fees, special assessments, move-ins and other fees. Next is accounts payable which includes: collecting vendor bills, ensuring the vendor provides a tax id, liability and workers comp insurance and then paying the vendor. We recommend collecting the insurance information from a vendor to reduce your community's liability. All this comes together to provide your community's financial reports which include comparative income and expense, aged delinquency, general ledger, etc. and can be on cash or accrual basis.

So why are people interested in having someone else take care of the accounting tasks?

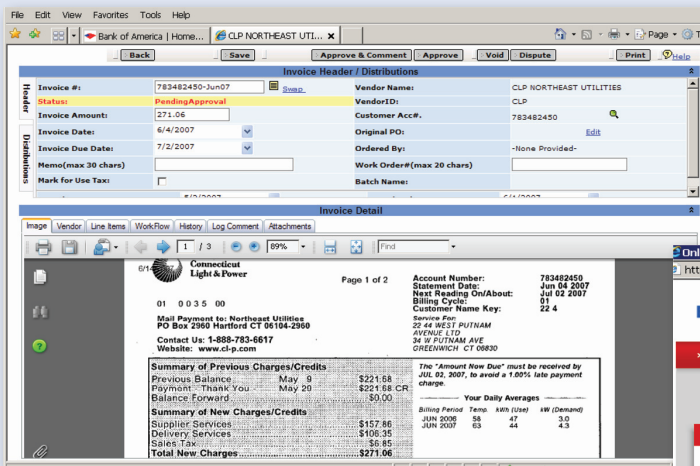
Self-Managed associations comprise 50 – 60% of the state's 4,000 plus communities. We hear from people that they do not like collecting money from their neighbors, it can get very contentious. Second, if the board treasurer or volunteer doing this work leaves the board or no longer wants to do this with their free time and no one else will take it on, a big gap needs to be filled.

Full Management communities have been asking for ways to save money. Electricity costs have doubled, heating oil has doubled (now about \$4.75 / gal) over the last year or two. Some communities have looked into self-management as an option to save money. They have a few volunteers but are looking for options to outsource the accounting work plus be able to hire a property manager to help on an hourly, as needed basis. This combination has been called the "Hybrid" management option and lowers the recurring cost of management.

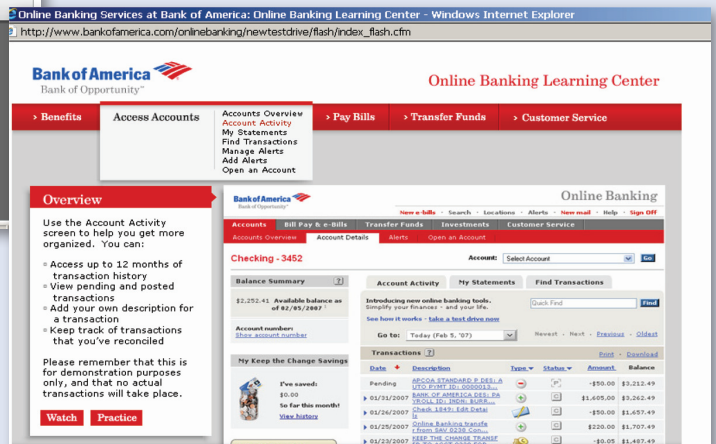
Communities with **Onsite Management** are also looking for alternatives. Some communities have a staff person contemplating retirement and they are looking at how to fill the vacancy. Others are looking to save money. Compared to having on-site property staff with payroll, taxes, insurance, benefits, computers, supervision, etc. the option of reducing one or two positions and hiring an outside service is more cost effective.

In today's more expensive world what we are seeing is an increase in the number of units that are delinquent in paying their common charges as life gets more expensive. The job of collecting money will become harder for volunteers both in the human aspect of talking

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Approve bills online prior to payment.



View bank account activity online.

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to your neighbors and in dealing with the extra work of late letters, calling, and working with lawyers. For your community to stay financially healthy you will need to put more attention and focus on your accounting work.

Additionally, with the demands of today's hectic life we are seeing more requests from communities for solutions that save them time. Technology has changed much of the business world. Time saving and improved access to information is available to help manage your community.

Some benefits of using an outside service to perform your community's accounting work are:

- Saves time for board members;
- More attention and focus is put on this activity;
- Accurate – a robust business system and process reduces human error;
- Transparency – you can see your bank account and property bills;
- Control – approve your bills prior to payment;
- Convenient - online tools allow business to happen if you travel, have offsite boards or snow birds;
- Faster deposits – money goes directly to the bank and is deposited daily;
- Reduce paperwork – online info and emailed reports reduce boxes of paper and saves money;
- Charge late fees; and
- Easy special assessment collection

Working with a service provider is like adding new board members to your team. Support is available by accounting personnel

answering your calls and questions, up-to-the-minute reports can be requested and emailed right away and also help can come to you.

Work smarter not harder. Many manual or paper based tasks you currently spend time and resources on can be eliminated:

- Filling out deposit slips
- Bank visits
- Writing out or printing checks
- Signing checks – instead approving online
- Opening and filing invoices
- Stuffing, sealing and adding postage to envelopes

Change and getting started is easy. Usually this process takes 30 days from start to finish and a vendor representative does most of the work. Training is simple too with most people getting trained over the phone and internet in 15 minutes.

Lastly, the cost for this type of service is reasonable. Much of the cost is actually saved from what your community is already spending. Savings include: 1) bank charges; 2) checks and office supplies; 3) postage; 4) copies; and in some cases 5) onsite staff. Additionally, some items that you may not be charging or charging consistently also help pay for the cost such as: 1) late fees; 2) returned check fees and 3) move-in and move-out fees, etc.

If you are looking for options, isn't it time you looked into how new services and technology are helping your peers do things easier? ■

Russell Munz is a former US ARMY Captain where he learned the importance of providing clear guidance and delegating to teammates. Prior to military service, Cornell University business programs taught him the importance of focusing time on tasks that have the greatest impact. Now he works with Pyramid Real Estate Group. Russell currently serves as the Chair of the CAI-CT Program Committee – South. Email your questions and comments to russell@pyramidregroup.com