

A practical budget planning workbook for community associations

Build the budget from actual obligations and realistic assumptions. Separate routine operations from long-term capital needs, explain changes clearly, and keep the adopted plan connected to monthly reporting.



A PRACTICAL GUIDE + WORKSHEET

Treasurers and volunteer boards of HOAs, POAs, and condos

Start with evidence, not last year plus a percentage

Collect at least the financial history available for comparison, the current year-to-date results, open invoices, contracts, renewal dates, insurance estimates, and known changes in service. Label incomplete periods so a six-month expense total is not mistaken for a full year. Record the source and date of every large assumption.

Group expenses into understandable categories such as grounds, utilities, insurance, administration, routine maintenance, and professional support. Give each category a short explanation. A contract renewal, a usage change, and an unusual one-time repair affect the next year differently. Ask the responsible person to distinguish recurring needs from items that should not simply roll forward.

Separate operating needs, reserves, and cash timing

The operating plan describes recurring services and administration. Long-term repair and replacement funding should be informed by the association's responsibilities, reserve study, and applicable rules. A reserve contribution is not a substitute for identifying which components will need work. Avoid borrowing a fixed reserve percentage from an unrelated community.

Build a monthly cash view alongside the annual totals. Annual insurance paid in one month can create a cash squeeze even if the annual budget balances. Track expected assessment receipts and vendor payment timing. Ask your accountant how reserves, transfers, and special assessments should be represented in the books so that a transfer is not mistaken for additional operating revenue.

Test the assumptions before choosing an assessment

Prepare a base case and a stress case for the largest uncertain costs. Show which estimate changes and what it does to the funding gap. If an insurance quote is pending, record the range as an assumption rather than a final premium. Keep decisions about assessment allocation and approval separate from the arithmetic.

For illustration only, \$120,000 of annual funding divided equally among 100 units would be \$1,200 per unit per year, or \$100 monthly. That calculation is not a recommendation: an association may have unequal allocated interests, other revenue, different billing cycles, or legal approval requirements. Verify the governing allocation before presenting an owner amount.

Adopt, explain, and monitor the plan

Work backward from the applicable adoption, notice, ratification, and disclosure process. Give the board and owners an explanation of significant changes, not only a dense spreadsheet. Describe the services being funded, the assumptions that remain uncertain, and the relationship between operating expenses and long-term repairs.

After adoption, review actual versus budget on a consistent schedule. Investigate meaningful variances and record whether they are timing differences, price changes, unexpected work, or a coding issue. Preserve the adopted version; do not quietly replace it with a revised working forecast. Decide whether a forecast update or formal budget action is needed under the applicable rules.

A repeatable working process

01 Reconcile the baseline and identify one-time items, missing bills, and incomplete periods.

02 Ask each service owner for next-year scope, contract terms, and renewal estimates.

03 Build the operating plan and review capital funding with the reserve professional.

04 Test cash timing and alternative assumptions before discussing owner allocations.

05 Follow the verified approval process and assign a monthly variance review.

A worked example

Illustrative example: Landscaping is \$2,000 over budget at midyear. The treasurer finds that \$1,500 was a separately approved storm cleanup and \$500 came from a recurring service increase. The next-year worksheet separates those causes. It does not automatically multiply the full variance across twelve months, and it records the new contract price as the evidence behind the recurring assumption.

Adapt the example to your documents, approved authority, service scope, and local requirements.

Make the plan your own

Use this writing space with your team. Keep private owner information and account secrets in an appropriately restricted system.

Expense / actual baseline / one-time adjustment

Next-year scope / quote date / assumption owner

Reserve recommendation / source / questions

Cash-heavy month / expected receipts / payment timing

Variance / reason / follow-up decision

Before you call it complete

- ☐ Actual baseline reconciled
- ☐ One-time costs separated
- ☐ Contract and insurance estimates dated
- ☐ Operating and capital funding distinguished
- ☐ Allocation basis verified
- ☐ Cash timing reviewed
- ☐ Notice and approval steps confirmed
- ☐ Monthly variance review assigned

Keep the evidence with the plan

Original EasyHOA editorial guide, edition 1.0. Published and sources consulted October 29, 2026. The workflows, fictional examples, and worksheets are our own; the sources below provide background and jurisdiction-specific reference material.

Foundation for Community Association Research: Financial Operations

Industry background on association financial operations; not a substitute for your documents or an accountant.

<https://foundation.caionline.org/wp-content/uploads/2017/06/bpfinancial.pdf>

Foundation for Community Association Research: Reserve Funding

Background on reserve studies, funding plans, and communicating future repair needs.

<https://foundation.caionline.org/publications/best-practices/reserve-studies/>

Internal Revenue Service: Form 1120-H instructions

Federal association tax background. A qualified tax adviser should determine eligibility and filing choices.

<https://www.irs.gov/instructions/i1120h>

Use the right professional for the question

This is general educational planning material, not legal, accounting, tax, engineering, or safety advice. State law, recorded documents, contracts, and association type can change the right process. Confirm legal and technical requirements with qualified advisers. Worksheets are not legal forms.

Choose one process to improve

Name an owner, agree on a next step, and review the result at your next working session. Preserve the sources and decisions so the next board can continue the work.

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