



**FirstService**  
RESIDENTIAL

## ASSOCIATION OF POINCIANA VILLAGES & FIRSTSERVICE RESIDENTIAL: IT'S TIME TO CLEAR THE AIR

This is new for us. We've never felt the need to reach out to residents with a message like this one before. However, in the best interests of Association of Poinciana Villages (APV), FirstService Residential and our future together, the time has come to set the record straight. So in the name of transparency, what follows is the truth about each one of the allegations made against FirstService. These are the facts. They're not our opinions.

### FINANCIAL HEALTH\*:

**Rumor:** APV is in financial distress and does not have enough money to cover its expenses.

**FACT:** APV entered 2015 with a \$2.3 million surplus. As of July 2015, APV's finances show a net operating balance of \$870,000.

APV has three primary funds at its disposal to manage the community:

<b>Operating Funds</b> Day-to-day expenses of managing APV (ex: staff salaries, vendor payments)	<b>Reserve Funds</b> For future replacement needs as determined by reserve study	<b>Community Enhancement Funds</b> Dedicated only to pay for large projects (example: parks)
<u>2014</u>	<u>2014</u>	<u>2014</u>
Starting Balance \$3.55 mil	Starting Balance \$2.31 mil	Starting Balance \$4.40 mil
Revenues/Due \$6.47 mil	Deposits + Interest \$0.72 mil	Revenues \$0.00
Expenses (\$7.69 mil)	Withdrawals (\$0.59 mil)	Payments (\$0.37 mil)
		- New Community Center
		- Community Pool
		- Expansion Rec Center
2014 EOY Balance \$2.33 mil	2014 EOY Balance \$2.44 mil <i>100% fully funded</i>	2014 EOY Balance \$4.03 mil
<u>2015 (Year-to-Date as of July 31)</u>	<u>2015 (Year-to-Date as of July 31)</u>	<u>2015 (Year-to-Date as of July 31)</u>
Starting Balance \$2.33 mil	Starting Balance \$2.44 mil	Starting Balance \$4.03 mil
Revenues/Dues \$4.93 mil	Deposits + Interest \$0.32 mil	Revenues \$0.00
Expenses (\$4.89 mil)	Withdrawals \$0.00	Transfer from Operating Funds-Competition Pool \$1.50 mil
		Payments (\$3.89 mil)
Transfer for Competition Pool (\$1.50 mil)	2015 YTD Balance \$2.76 mil <i>100% fully funded</i>	2015 YTD Balance \$1.64 mil
2015 YTD Balance \$0.87 mil		

FirstService will continue to work diligently with the Board to monitor and manage APV's financial health and make recommendations to the Board for approval regarding changes impacting the financial health of the association.

\*Copies of audit, financial statements and Board Meeting minutes are available upon written request made at the Administration Office located at 401 Walnut Street.

## FINANCIAL HEALTH\* (contd.):

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**Rumor:** Homeowners have suffered through the mismanagement of funds.

**FACT:** Homeowner assessments have not increased over the past three (3) years.

- ▶ 2013: \$ 252.00 Annual Assessment
- ▶ 2014: \$ 252.00 Annual Assessment
- ▶ 2015: \$ 252.00 Annual Assessment

At the same time, the number of community services and investing in community facility projects increased, including:

- ▶ Partnering with Osceola County to upgrade Vance Harmon Park and build a new pool for residents – both will become property of APV in 2021
- ▶ Building a second community center
- ▶ Expanding the original recreation center

All of this was achieved by improved management of all expenditures as well as the APV Board of Directors' decision to enter into agreements to sell only the delinquent homeowner accounts owing the largest balances to a third party.

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**Rumor:** FirstService Residential has been overspending community finances.

**FACT:** We have never overspent.

- ▶ The APV Board of Directors approves the budget and any community spending towards community projects and services, which are recorded in Board Meeting minutes.\*
  - ▶ Also, independent auditors have confirmed the accuracy of all APV finances, which have been approved by the APV Board of Directors.
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**Rumor:** APV dues are going to double or triple next year.

**FACT:** Thanks to the surplus, the APV Board of Directors voted to not increase dues in 2015.

The 2016 budget preparation is still underway. As in previous years, the Board will consider all of the needs of the community with consideration for the desire to keep association assessments to a minimum. It is important for any community to understand the balance between a desire to increase level of services and keep assessments to a minimum. We expect to provide recommendations to the Board by September 17 for their consideration. These will be addressed further in Board Meetings in the coming months.

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**Rumor:** Money is missing.

**FACT:** Money is NOT missing and has NEVER gone missing at the hands of FirstService Residential. Every penny can and has been accounted for.

However, the former president of the Association of Poinciana Villages Board of Directors transferred \$1.6 million of Association funds to a bank account not controlled by the majority of the Association Board. This was done without the knowledge, authorization or approval of a majority of the Board and its legal counsel or FirstService Residential. This is the missing money we are most concerned about.

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**Rumor:** FirstService Residential is hiding something.

**FACT:** We have been upfront with our operation and management of the finances of APV.\* Financial documents are reviewed with the APV Board of Directors every month and available to the Community Property Owners by written request made at the Administration Office located at 401 Walnut Street.

The APV Board appointed an independent CPA firm which recently completed its audit of the 2013 and 2014 financial statements. The CPA firm has also reviewed the year-to-date financial statements through July 31, 2015. The CPA firm confirmed the financial statements of APV are accurate.

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*\*Copies of audit, financial statements and Board Meeting minutes are available upon written request made at the Administration Office located at 401 Walnut Street.*

## COLLECTIONS:

**Rumor:** There is \$7.5 million in delinquencies at APV.

**FACT:** There is \$3.4 million in delinquencies, as confirmed by independent audits.

The collections situation at APV has improved significantly since 2013 with \$2.6 million of cash received from collections agencies. Since 2013, the percentage of delinquent homeowner accounts has been cut nearly by half from 33% to 18%. Today, there are 4,730 households compared with 7,298 households in 2013 that are not current.

- ▶ In 2013 (before FirstService Residential)
  - One third of households (33%) were not current with dues, representing 7,298 of the 22,035 billable accounts.
  
- ▶ APV Board voted to work with two collections agencies to address delinquencies. Since 2013, \$2.6 million of cash has been received by APV through the following efforts:
  - A Long-Term Debt Collection Plan (for accounts owing 2+ years):
    - \$4.1 million (3,417 accounts) of the then \$7.8 million in delinquencies was sold to 1st One Hundred for \$1.3 million with additional recovery funding forthcoming for \$460,000 on the remaining 1,862 accounts yet to be collected
    - 1st One Hundred converted 1,555 accounts into paying members
  - A Short-Term Debt Collection Plan (for accounts owing up to 2 years):
    - \$2.3 million was assigned to Association Capital Recovery (ACR) to handle collections
    - ACR has collected over \$1.3 million
  - The balance of the delinquent accounts were all being handled in house and/or on payment plans
  
- ▶ In 2015
  - As of July 31, 2015: 4,730 of 26,532 households are not current with their dues
    - 3,968 accounts are working files with 1st One Hundred or ACR
    - 762 accounts are working files with internal collections
  - Total owed on all delinquent accounts through July 31, 2015 is \$3.4 million

APV Board's leadership deserves much credit for making the bold decision to sell off delinquencies, which has dramatically improved the overall financial health of the community.

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## CONTRACT:

**Rumor:** The contract addendum to keep FirstService Residential as APV's management company is illegal.

**FACT:** There is a valid contract and valid addendum, signed by the previous APV Board President. Most recently, the majority of the APV Board of Directors voted to reconfirm our contract and addendum in an emergency meeting held on August 18, which is to be ratified in a Board Meeting planned for August 31.



## SOMETHING TO THINK ABOUT

By now you've surely heard the attacks on our people and the allegations against our company. We state for the record that these allegations and accusations are absolutely false.

They've been made by a small, but vocal, group of residents who seem to prefer sharing misinformation rather than the clear facts in order to push through their own agendas.

We understand that we can't please everyone all the time. No one can. We expect there to be disagreements along the way. And when there are, we try to work together to solve them.

But it is one thing to disagree with our practices, and a completely other thing to accuse us of serious wrongdoings without basis or proof, and which simply **Are. Not. True.**

FirstService Residential has always worked in partnership with the Association of Poinciana Villages Board of Directors to enhance the community and living experiences for residents in accordance with Association of Poinciana Villages' governing documents. And we regret that this has caused a disruption to your community, one we're very proud to serve.

However, we also hope you can understand why we feel the need to put this matter to rest once and for all, so we can get on with the business of being your management partner.

We make it a point to employ best practices, go above and beyond for each and every resident we serve, and ensure that we are continuously adding value to the communities we manage.

Our associates are committed to the values of integrity and open communication to serve in the best interests of the residents of all the communities we serve. As the management company for Association of Poinciana Villages, our staff will continue to provide residents with the utmost quality of service and respect you deserve and have come to expect from us.

We stand by the incredible accomplishments we have made in partnership with the Association of Poinciana Villages Board of Directors. And we commend the diligent efforts the management team and the 120 incredibly dedicated sited professionals – many who are residents of APV themselves – to go above and beyond to make a difference and do what's right for the 26,000 households of this wonderful community.