



DC Ranch Association Financial Summary Report for period ending June 30, 2022

Summary by Fund - YTD

	<u>Operating</u>	<u>Reserve</u>	<u>Capital</u>	<u>Total</u>
Revenue	\$ 4,560,174	\$ 56,578	\$ -	\$ 4,616,753
Expenses	3,599,903	395,485	-	3,995,388
Operating Income/(Loss)	\$ 960,272	\$ (338,906)	\$ -	\$ 621,365
Depreciation	-	32,148	-	32,148
Total Income/(Loss)	\$ 960,272	\$ (371,054)	\$ -	\$ 589,217
Transfers In/(Out)	(959,500)	934,500	25,000	-
Total Surplus/(Deficit)	\$ 772	\$ 563,446	\$ 25,000	\$ 589,217

Revenue

Operating revenue for June totaled \$788k, favorable to budget by \$5k (<1%). Year-to-date revenue is unfavorable to budget by \$11k (<1%). Significant variances to budget are as follows:

- Non-Assessment Revenue and other income is \$11k unfavorable to budget YTD.

Expense

Operating expenses for June came in \$22k (3%) unfavorable to budget, with year-to-date expenses \$138k (3%) unfavorable to budget. Notable variances to budget include:

- Payroll and employee-related expenses are lower than budget by \$3k (<1%) YTD, due to open staff positions at the beginning of the year. In addition, temporary staff labor that was anticipated for staff shortages has come in \$37k under budget YTD.
- Information Technology is unfavorable to budget by \$30k YTD due to higher than expected third party support contract services, telephone/internet charges and software licensing fees.
- Landscape contract services for tree trimming (\$31k) that was anticipated to be done in 2021 was completed in January.
- Utilities are unfavorable to budget by \$8k YTD.
- Fleet expenses are over budget by \$11k YTD due to rising costs for fuel and vehicle lease renewals.
- Security expenses are \$89k unfavorable to budget YTD through June. The final security contract was not finalized until after budget had been approved. The renewal amount negotiated is a higher amount than originally estimated. As such, we expect this line item to be over budget by a total of \$100k through year end.

Balance Sheet/Cash Flow

- Operating cash is \$1.3 mil at 6/30/22, equal to 1.67 months of cash on hand.
- There is currently over \$10 mil in reserve funds and \$69k in the capital fund.
- The note payable for the Kubota AT vehicles is a 0% financing arrangement for the equipment purchased in 2019, which will be repaid before the end of 2022.

Individual Neighborhoods

- Payroll is being allocated in accordance with the two-year average calculated during budget development. The reconciliation to actual expenses will be analyzed and recorded at year end. The Director of Community Services and Landscape/Maintenance Managers continue to review this data in detail to ensure the time is correct.
- Most neighborhoods have an unfavorable variance to budget, which may partly be timing of expenses. The budget variance for security costs and utilities has been growing, increasing the loss for certain neighborhoods. Unplanned expenses YTD include lighting replacement, sign repair and an overage in water usage. Arcadia has a loss of \$40k YTD, mainly due to \$31k in tree trimming expenses in January and \$12k in legal costs YTD. Ranch Master has a YTD loss of \$52k due to lower non-assessment revenue and increased costs across most departments.

Reserves

- Reserve expenses came in at \$94k for the month of June. YTD expenses are at \$395k, lower than budget by \$5k.
- Reserve spending will vary from budget depending on the continual assessment of expenditures and scheduling of projects. Some projects are completed early, while others are pushed into the next year.
- Estimated reserve interest was adjusted to reflect the low interest rates due to the unusual economic environment caused by the pandemic. An additional \$4.5 mil of cash was invested in February, which will boost earnings by \$67k annually.

DC RANCH ASSOCIATION

STATEMENT OF REVENUE AND EXPENSE

For the Month and YTD Ending June 30, 2022

	June 2022			Year-to-Date			Annual
	Current Month	Budget	Budget Variance	Year to Date	Budget	Budget Variance	2022 Budget
INCOME							
Neighborhood Assessments	\$ 424,029	\$ 423,659	\$ 370	2,544,176	2,541,954	\$ 2,222	\$ 5,083,908
Master Assessments	276,056	275,859	197	1,659,242	1,655,154	4,088	3,310,308
Builder & Developer Assessments	6,881	6,968	(87)	36,628	41,808	(5,180)	83,616
Total Assessment Revenue	706,966	706,486	480	4,240,046	4,238,916	1,130	8,477,832
Lot Sale Fees	13,200	12,000	1,200	64,150	75,459	(11,309)	150,918
Management Fees (Cost Sharing)	475	475	-	2,850	2,850	-	5,700
Fines/Fees (Violations, Mods etc.)	27,805	26,850	955	152,482	161,100	(8,618)	322,200
Sub-Association Fees	3,660	4,575	(915)	24,860	27,450	(2,590)	54,900
Cell Tower Lease(s)	6,415	6,235	180	38,062	37,410	652	74,820
Other Income (CFD, Interest, Misc)	29,247	26,643	2,604	37,724	28,293	9,431	56,526
Total Non-Assessment Income	80,802	76,778	4,024	320,128	332,562	(12,434)	665,064
Total Operating Income	787,768	783,264	4,504	4,560,174	4,571,478	(11,304)	9,142,896
EXPENSES							
Reserve Contributions	155,750	155,750	-	934,500	934,500	-	1,869,000
Capital Contribution	-	-	-	25,000	25,000	-	25,000
Total Reserve Expense	155,750	155,750	-	959,500	959,500	-	1,894,000
Personnel Expenses	224,146	221,572	2,574	1,326,449	1,329,432	(2,983)	2,777,842
Administration	27,261	43,910	(16,650)	96,980	107,675	(10,695)	202,950
Information Technology	16,445	13,634	2,811	110,410	80,804	29,606	144,448
Human Resources	1,248	3,100	(1,852)	22,745	18,600	4,145	37,500
Total Administrative Expense	269,099	282,216	(13,117)	1,556,584	1,536,511	20,073	3,162,740
Landscape Services	43,309	43,648	(339)	244,145	243,456	689	607,963
Facilities Maintenance	23,926	17,270	6,656	114,327	104,918	9,409	223,621
Utilities	63,700	69,141	(5,441)	259,367	251,191	8,176	589,797
Fleet	24,589	16,955	7,634	112,277	101,730	10,547	207,460
Total Maintenance Expense	155,524	147,014	8,510	730,115	701,295	28,820	1,628,841
Security	204,527	180,703	23,824	1,199,843	1,111,018	88,825	2,239,196
Community Standards	3,141	135	3,006	6,282	2,610	3,672	5,920
Community Relations	677	1,038	(361)	6,210	8,228	(2,018)	16,456
Total Community Program Expense	208,345	181,876	26,469	1,212,336	1,121,856	90,480	2,261,572
Insurance (non-EE) & Taxes	16,543	16,863	(320)	100,868	102,178	(1,310)	203,441
Other Expenses	-	-	-	-	-	-	-
Total General Expense	16,543	16,863	(320)	100,868	102,178	(1,310)	203,441
Total Operating Expense	805,261	783,719	21,542	4,559,403	4,421,340	138,063	9,150,594
Operating Income/(Loss)	(17,493)	(455)	(17,038)	772	150,138	(149,366)	(7,698)
Reserve Income	164,130	159,500	4,630	1,016,078	982,000	34,078	1,939,000
Depreciation	5,358	5,358	0	32,148	32,148	0	64,296
Reserve Expenses	93,836	35,702	58,134	395,485	400,909	(5,424)	1,328,661
Reserve Net Income/(Loss)	64,936	118,440	(53,504)	588,446	548,943	39,503	546,043

DC RANCH ASSOCIATION

BALANCE SHEET

As Of June 30, 2022

	<u>6/30/2022</u>	<u>12/31/2021</u>	<u>Y/Y Change</u>
ASSETS			
CASH			
Cash - Operating	\$ 1,275,717	\$ 1,321,073	\$ (45,357)
Petty Cash	350	350	-
TOTAL CASH	<u>1,276,067</u>	<u>1,321,423</u>	<u>(45,357)</u>
CAPITAL FUND	69,492	50,000	19,492
RESERVE FUND	10,208,776	9,685,520	523,257
Accounts Receivable (Net)	166,470	14,488	151,982
Intercompany Receivable	-	18,420	(18,420)
Prepaid Expenses	185,341	129,149	56,192
Other Current Assets	2,206	3,869	(1,663)
TOTAL CURRENT ASSETS	<u>354,017</u>	<u>165,926</u>	<u>188,090</u>
PROPERTY, PLANT & EQUIPMENT			
Property & Equipment	356,062	356,062	-
Construction In Progress	-	-	-
TOTAL PROPERTY, PLANT & EQUIP	<u>356,062</u>	<u>356,062</u>	<u>-</u>
Less: Accumulated Depreciation	(227,206)	(195,058)	(32,148)
PROPERTY, PLANT AND EQUIPMENT, NET	<u>128,856</u>	<u>161,004</u>	<u>(32,148)</u>
TOTAL ASSETS	<u><u>\$ 12,037,208</u></u>	<u><u>\$ 11,383,873</u></u>	<u><u>\$ 653,334</u></u>
LIABILITIES			
Accounts Payable	\$ 280,928	\$ 326,423	\$ (45,495)
Intercompany Payable	315,982	222,040	93,942
Accrued Expenses	122,896	106,125	16,770
Prepaid Assessments	299,335	274,737	24,597
Deferred Revenue	-	-	-
Other Current Liabilities	(1,282)	9,309	(10,591)
TOTAL CURRENT LIABILITIES	<u>1,017,858</u>	<u>938,635</u>	<u>79,223</u>
Note Payable - Kubota Vehicles	12,589	27,695	(15,106)
Note Payable - PPP Funds	-	-	-
TOTAL LONG-TERM LIABILITIES	<u>12,589</u>	<u>27,695</u>	<u>(15,106)</u>
TOTAL LIABILITIES	<u><u>\$ 1,030,447</u></u>	<u><u>\$ 966,329</u></u>	<u><u>\$ 64,117</u></u>
NET ASSETS			
Operating Equity	824,737	824,737	-
Capital Equity	50,000	50,000	-
Reserve Equity	9,542,807	9,542,807	-
Current Year Profit/Loss	589,217	-	589,217
TOTAL NET ASSETS	<u><u>\$ 11,006,761</u></u>	<u><u>\$ 10,417,544</u></u>	<u><u>\$ 589,217</u></u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 12,037,208</u></u>	<u><u>\$ 11,383,873</u></u>	<u><u>\$ 653,334</u></u>

DC RANCH ASSOCIATION

STATEMENT OF CASH FLOW

For the Period Ended June 2022

	<u>Current Month</u> Month Ended June 2022	<u>Year-to-Date</u> Year Ended June 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (deficit) for period	\$ 47,443	\$ 589,217
Adjustments to reconcile net income (deficit)		
Depreciation	5,358	32,148
<u>(Increase)/Decrease in:</u>		
Accounts receivable	(105,646)	(151,982)
Intercompany receivables	-	18,420
Prepaid expenses	(17,865)	(56,192)
<u>Increase/(Decrease) in:</u>		
Accounts payable	(17,084)	(45,495)
Accrued expenses	-	-
Accrued payroll expenses	16,540	16,770
Deferred revenue	-	-
Prepaid assessments	(5,948)	(35,270)
Prepaid Council assessments	(1,487)	59,867
Intercompany payables	167,190	93,942
Other liabilities	408	(8,928)
NET CASH FROM OPERATING ACTIVITIES	<u>88,908</u>	<u>512,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant & Equipment	-	-
NET CASH FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Note Payable PPP Funds	-	-
Acquisition of long-term debt	-	-
Principal payments of long-term debt	(2,518)	(15,106)
NET CASH FROM FINANCING ACTIVITIES	<u>(2,518)</u>	<u>(15,106)</u>
NET INCREASE (DECREASE) IN CASH	86,391	497,392
CASH, BEGINNING OF PERIOD	<u>11,467,945</u>	<u>11,056,943</u>
CASH, END OF PERIOD	<u>\$ 11,554,335</u>	<u>\$ 11,554,335</u>