



DC Ranch Association Financial Summary Report for period ending July 31, 2022

Summary by Fund - YTD

	<u>Operating</u>	<u>Reserve</u>	<u>Capital</u>	<u>Total</u>
Revenue	\$ 5,305,894	\$ 65,110	\$ -	\$ 5,371,004
Expenses	4,214,234	589,691	-	4,803,925
Operating Income/(Loss)	\$ 1,091,660	\$ (524,581)	\$ -	\$ 567,079
Depreciation	-	37,506	-	37,506
Total Income/(Loss)	\$ 1,091,660	\$ (562,087)	\$ -	\$ 529,573
Transfers In/(Out)	(1,115,250)	1,090,250	25,000	-
Total Surplus/(Deficit)	\$ (23,590)	\$ 528,163	\$ 25,000	\$ 529,573

Revenue

Operating revenue for July totaled \$746k, unfavorable to budget by \$12k (2%). Year-to-date revenue is unfavorable to budget by \$24k (<1%). Significant variances to budget are as follows:

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

Expense

Operating expenses for July 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 \$10k (<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 \$35k under budget YTD.
- Information Technology is unfavorable to budget by \$33k 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 \$6k YTD.
- Fleet expenses are over budget by \$10k YTD due to rising costs for fuel and vehicle lease renewals.
- Security expenses are \$99k unfavorable to budget YTD through July. 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 \$1.2 mil at 7/31/22, equal to 1.54 months of cash on hand.
- There is currently \$10.2 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 YTD, 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 \$58k due to lower non-assessment revenue and increased costs across most departments.

Reserves

- Reserve expenses came in at \$194k for the month of July. YTD expenses are at \$590k, lower than budget by \$265k.
- 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 July 31, 2022

	July 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	2,968,206	2,965,613	\$ 2,593	\$ 5,083,908
Master Assessments	276,056	275,859	197	1,935,298	1,931,013	4,285	3,310,308
Builder & Developer Assessments	6,881	6,968	(87)	43,509	48,776	(5,267)	83,616
Total Assessment Revenue	706,966	706,486	480	4,947,013	4,945,402	1,611	8,477,832
Lot Sale Fees	6,000	13,153	(7,153)	70,150	88,612	(18,462)	150,918
Management Fees (Cost Sharing)	475	475	-	3,325	3,325	-	5,700
Fines/Fees (Violations, Mods etc.)	21,380	26,850	(5,470)	173,862	187,950	(14,088)	322,200
Sub-Association Fees	3,660	4,575	(915)	28,520	32,025	(3,505)	54,900
Cell Tower Lease(s)	6,415	6,235	180	44,478	43,645	833	74,820
Other Income (CFD, Interest, Misc)	823	330	493	38,547	28,623	9,924	56,586
Total Non-Assessment Income	38,753	51,618	(12,865)	358,881	384,180	(25,299)	665,124
Total Operating Income	745,719	758,104	(12,385)	5,305,894	5,329,582	(23,688)	9,142,956
EXPENSES							
Reserve Contributions	155,750	155,750	-	1,090,250	1,090,250	-	1,869,000
Capital Contribution	-	-	-	25,000	25,000	-	25,000
Total Reserve Expense	155,750	155,750	-	1,115,250	1,115,250	-	1,894,000
Personnel Expenses	214,584	221,572	(6,988)	1,541,033	1,551,004	(9,971)	2,777,842
Administration	9,268	13,410	(4,142)	106,248	121,085	(14,837)	202,950
Information Technology	17,231	13,434	3,797	127,641	94,238	33,403	161,608
Human Resources	1,676	3,100	(1,424)	24,420	21,700	2,720	37,500
Total Administrative Expense	242,758	251,516	(8,758)	1,799,342	1,788,027	11,315	3,179,900
Landscape Services	40,276	46,406	(6,130)	284,420	289,862	(5,442)	607,963
Facilities Maintenance	21,615	25,348	(3,733)	135,942	130,266	5,676	223,621
Utilities	66,989	69,229	(2,240)	326,356	320,420	5,936	589,797
Fleet	20,722	20,955	(233)	132,999	122,685	10,314	207,460
Total Maintenance Expense	149,602	161,938	(12,336)	879,718	863,233	16,485	1,628,841
Security	204,400	194,103	10,297	1,404,244	1,305,121	99,123	2,222,036
Community Standards	379	135	244	6,661	2,745	3,916	5,920
Community Relations	474	1,038	(564)	6,684	9,266	(2,582)	16,456
Total Community Program Expense	205,254	195,276	9,978	1,417,589	1,317,132	100,457	2,244,412
Insurance (non-EE) & Taxes	16,717	16,863	(146)	117,585	119,041	(1,456)	203,441
Other Expenses	-	-	-	-	-	-	-
Total General Expense	16,717	16,863	(146)	117,585	119,041	(1,456)	203,441
Total Operating Expense	770,081	781,343	(11,262)	5,329,484	5,202,683	126,801	9,150,594
Operating Income/(Loss)	(24,362)	(23,239)	(1,123)	(23,590)	126,899	(150,489)	(7,638)
Reserve Income	164,282	159,500	4,782	1,180,360	1,141,500	38,860	1,939,000
Depreciation	5,358	5,358	0	37,506	37,506	0	64,296
Reserve Expenses	194,206	454,002	(259,796)	589,691	854,911	(265,220)	1,328,661
Reserve Net Income/(Loss)	(35,282)	(299,860)	264,578	553,163	249,083	304,080	546,043

DC RANCH ASSOCIATION

BALANCE SHEET

As Of July 31, 2022

	<u>7/31/2022</u>	<u>12/31/2021</u>	<u>Y/Y Change</u>
ASSETS			
CASH			
Cash - Operating	\$ 1,173,832	\$ 1,321,073	\$ (147,242)
Petty Cash	350	350	-
TOTAL CASH	<u>1,174,182</u>	<u>1,321,423</u>	<u>(147,242)</u>
CAPITAL FUND	69,492	50,000	19,492
RESERVE FUND	10,204,851	9,685,520	519,331
Accounts Receivable (Net)	52,232	14,488	37,743
Intercompany Receivable	5,372	18,420	(13,048)
Prepaid Expenses	143,876	129,149	14,727
Other Current Assets	6,565	3,869	2,696
TOTAL CURRENT ASSETS	<u>208,045</u>	<u>165,926</u>	<u>42,119</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	(232,564)	(195,058)	(37,506)
PROPERTY, PLANT AND EQUIPMENT, NET	<u>123,498</u>	<u>161,004</u>	<u>(37,506)</u>
TOTAL ASSETS	<u><u>\$ 11,780,068</u></u>	<u><u>\$ 11,383,873</u></u>	<u><u>\$ 396,194</u></u>
LIABILITIES			
Accounts Payable	\$ 297,707	\$ 326,423	\$ (28,716)
Intercompany Payable	138,492	222,040	(83,549)
Accrued Expenses	89,588	106,125	(16,537)
Prepaid Assessments	300,539	274,737	25,802
Deferred Revenue	-	-	-
Other Current Liabilities	(3,446)	9,309	(12,755)
TOTAL CURRENT LIABILITIES	<u>822,879</u>	<u>938,635</u>	<u>(115,755)</u>
Note Payable - Kubota Vehicles	10,071	27,695	(17,624)
Note Payable - PPP Funds	-	-	-
TOTAL LONG-TERM LIABILITIES	<u>10,071</u>	<u>27,695</u>	<u>(17,624)</u>
TOTAL LIABILITIES	<u><u>\$ 832,950</u></u>	<u><u>\$ 966,329</u></u>	<u><u>\$ (133,379)</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	529,573	-	529,573
TOTAL NET ASSETS	<u><u>\$ 10,947,117</u></u>	<u><u>\$ 10,417,544</u></u>	<u><u>\$ 529,573</u></u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 11,780,068</u></u>	<u><u>\$ 11,383,873</u></u>	<u><u>\$ 396,194</u></u>

DC RANCH ASSOCIATION

STATEMENT OF CASH FLOW

For the Period Ended July 2022

	<u>Current Month</u> Month Ended July 2022	<u>Year-to-Date</u> Year Ended July 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (deficit) for period	\$ (59,644)	\$ 529,573
Adjustments to reconcile net income (deficit)		
Depreciation	5,358	37,506
<i>(Increase)/Decrease in:</i>		
Accounts receivable	114,238	(37,743)
Intercompany receivables	(5,372)	13,048
Prepaid expenses	41,465	(14,727)
<i>Increase/(Decrease) in:</i>		
Accounts payable	16,779	(28,716)
Accrued expenses		-
Accrued payroll expenses	(33,308)	(16,537)
Deferred revenue		-
Prepaid assessments	964	(34,306)
Prepaid Council assessments	241	60,108
Intercompany payables	(177,490)	(83,549)
Other liabilities	(6,523)	(15,451)
NET CASH FROM OPERATING ACTIVITIES	<u>(103,293)</u>	<u>409,205</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)	(17,624)
NET CASH FROM FINANCING ACTIVITIES	<u>(2,518)</u>	<u>(17,624)</u>
NET INCREASE (DECREASE) IN CASH	(105,811)	391,582
CASH, BEGINNING OF PERIOD	<u>11,554,335</u>	<u>11,056,943</u>
CASH, END OF PERIOD	<u>\$ 11,448,525</u>	<u>\$ 11,448,525</u>