



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

Summary by Fund - YTD

	<u>Operating</u>	<u>Reserve</u>	<u>Capital</u>	<u>Total</u>
Revenue	\$ 6,812,373	\$ 88,408	\$ -	\$ 6,900,781
Expenses	5,488,333	722,754	-	6,211,087
Operating Income/(Loss)	\$ 1,324,040	\$ (634,346)	\$ -	\$ 689,694
Depreciation	-	48,222	-	48,222
Total Income/(Loss)	\$ 1,324,040	\$ (682,568)	\$ -	\$ 641,472
Transfers In/(Out)	(1,426,750)	1,401,750	25,000	-
Total Surplus/(Deficit)	\$ (102,710)	\$ 719,182	\$ 25,000	\$ 641,472

Revenue

Operating revenue for September totaled \$750k, unfavorable to budget by \$8k (11%). Year-to-date revenue is unfavorable to budget by \$32k (5%). Significant variances to budget are as follows:

- Non-Assessment Revenue and other income is \$35k unfavorable to budget YTD.

Expense

Operating expenses for September came in \$9k (1%) favorable to budget, with year-to-date expenses \$168k (2%) unfavorable to budget. Notable variances to budget include:

- Payroll and employee-related expenses are over budget by \$21k (1%) YTD. We had some savings through July due to open staff positions at the beginning of the year; however, employee costs increased sharply in August with monthly mileage stipends, wage adjustments and additional hours due for storm clean up. Offsetting these amounts, temporary staff labor that was anticipated for staff shortages is coming in \$44k under budget YTD.
- Information Technology is unfavorable to budget by \$41k YTD due to higher than expected third party support contract services, telephone/internet charges and software licensing fees.
- Landscape contract services for tree trimming (\$35k) that was anticipated to be done in 2021 was completed in January. Offsetting this amount, weed spraying (\$34k) that was budgeted prior to September has not yet been completed.
- Utilities are favorable to budget by \$33k YTD.
- Fleet expenses are over budget by \$18k YTD due to rising costs for fuel and vehicle lease renewals, which will continue through year end.

- Security expenses are \$140k unfavorable to budget YTD through September. 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 \$200k through year end.

Balance Sheet/Cash Flow

- Operating cash is \$1.1 mil at 9/30/22, equal to 1.4 months of cash on hand.
- There is currently \$10.4 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 \$33k YTD, mainly due to \$31k in tree trimming expenses in January, increased security costs and \$12k in legal costs YTD. Ranch Master has a YTD loss of \$138k due to lower non-assessment revenue and increased costs across most departments.

Reserves

- Reserve expenses came in at \$51k for the month of September. YTD expenses are at \$723k, lower than budget by \$352k.
- 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 September 30, 2022

	September 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	3,816,265	3,812,931	\$ 3,334	\$ 5,083,908
Master Assessments	276,056	275,859	197	2,487,411	2,482,731	4,680	3,310,308
Builder & Developer Assessments	6,881	6,968	(87)	57,270	62,712	(5,442)	83,616
Total Assessment Revenue	706,966	706,486	480	6,360,945	6,358,374	2,571	8,477,832
Lot Sale Fees	4,100	13,153	(9,053)	79,450	113,765	(34,315)	150,918
Management Fees (Cost Sharing)	475	475	-	4,275	4,275	-	5,700
Fines/Fees (Violations, Mods etc.)	28,050	26,850	1,200	234,079	241,650	(7,571)	322,200
Sub-Association Fees	3,660	4,575	(915)	35,840	41,175	(5,335)	54,900
Cell Tower Lease(s)	6,415	6,235	180	57,308	56,115	1,193	74,820
Other Income (CFD, Interest, Misc)	340	330	10	40,476	29,283	11,193	56,586
Total Non-Assessment Income	43,041	51,618	(8,577)	451,428	486,263	(34,835)	665,124
Total Operating Income	750,007	758,104	(8,097)	6,812,373	6,844,637	(32,264)	9,142,956
EXPENSES							
Reserve Contributions	155,750	155,750	-	1,401,750	1,401,750	-	1,869,000
Capital Contribution	-	-	-	25,000	25,000	-	25,000
Total Reserve Expense	155,750	155,750	-	1,426,750	1,426,750	-	1,894,000
Personnel Expenses	228,361	221,572	6,789	2,014,650	1,994,148	20,502	2,777,842
Administration	12,633	11,910	723	129,098	147,455	(18,357)	202,950
Information Technology	17,400	13,434	3,966	162,115	121,106	41,009	161,608
Human Resources	9,066	3,100	5,966	41,336	27,900	13,436	37,500
Total Administrative Expense	267,461	250,016	17,445	2,347,199	2,290,609	56,590	3,179,900
Landscape Services	47,416	79,212	(31,796)	387,646	415,580	(27,934)	607,963
Facilities Maintenance	17,453	18,770	(1,317)	180,681	166,166	14,515	223,621
Utilities	43,409	65,487	(22,078)	424,627	457,658	(33,031)	589,797
Fleet	21,071	16,955	4,116	175,016	156,595	18,421	207,460
Total Maintenance Expense	129,348	180,424	(51,076)	1,167,970	1,195,999	(28,029)	1,628,841
Security	206,585	180,703	25,882	1,806,449	1,666,527	139,922	2,222,036
Community Standards	(21)	135	(156)	8,091	3,015	5,076	5,920
Community Relations	489	1,038	(549)	7,648	11,342	(3,694)	16,456
Total Community Program Expense	207,053	181,876	25,177	1,822,188	1,680,884	141,304	2,244,412
Insurance (non-EE) & Taxes	16,550	16,898	(348)	150,976	152,802	(1,826)	203,441
Other Expenses	-	-	-	-	-	-	-
Total General Expense	16,550	16,898	(348)	150,976	152,802	(1,826)	203,441
Total Operating Expense	776,162	784,964	(8,802)	6,915,083	6,747,044	168,039	9,150,594
Operating Income/(Loss)	(26,155)	(26,860)	705	(102,710)	97,593	(200,303)	(7,638)
Reserve Income	167,419	159,500	7,919	1,515,158	1,460,500	54,658	1,939,000
Depreciation	5,358	5,358	0	48,222	48,222	0	64,296
Reserve Expenses	50,742	55,536	(4,794)	722,754	1,074,657	(351,903)	1,328,661
Reserve Net Income/(Loss)	111,319	98,606	12,713	744,182	337,621	406,561	546,043

DC RANCH ASSOCIATION

BALANCE SHEET

As Of September 30, 2022

	<u>9/30/2022</u>	<u>12/31/2021</u>	<u>Y/Y Change</u>
ASSETS			
CASH			
Cash - Operating	\$ 1,068,583	\$ 1,321,073	\$ (252,491)
Petty Cash	350	350	-
TOTAL CASH	<u>1,068,933</u>	<u>1,321,423</u>	<u>(252,491)</u>
CAPITAL FUND	69,492	50,000	19,492
RESERVE FUND	10,408,186	9,685,520	722,666
Accounts Receivable (Net)	38,634	14,488	24,145
Intercompany Receivable	-	18,420	(18,420)
Prepaid Expenses	98,446	129,149	(30,703)
Other Current Assets	2,568	3,869	(1,301)
TOTAL CURRENT ASSETS	<u>139,648</u>	<u>165,926</u>	<u>(26,279)</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	(243,280)	(195,058)	(48,222)
PROPERTY, PLANT AND EQUIPMENT, NET	<u>112,782</u>	<u>161,004</u>	<u>(48,222)</u>
TOTAL ASSETS	<u>\$ 11,799,040</u>	<u>\$ 11,383,873</u>	<u>\$ 415,166</u>
LIABILITIES			
Accounts Payable	\$ 269,692	\$ 326,423	\$ (56,730)
Intercompany Payable	74,084	222,040	(147,956)
Accrued Expenses	90,914	106,125	(15,211)
Prepaid Assessments	296,631	274,737	21,893
Deferred Revenue	-	-	-
Other Current Liabilities	3,666	9,309	(5,643)
TOTAL CURRENT LIABILITIES	<u>734,988</u>	<u>938,635</u>	<u>(203,646)</u>
Note Payable - Kubota Vehicles	5,035	27,695	(22,659)
Note Payable - PPP Funds	-	-	-
TOTAL LONG-TERM LIABILITIES	<u>5,035</u>	<u>27,695</u>	<u>(22,659)</u>
TOTAL LIABILITIES	<u>\$ 740,024</u>	<u>\$ 966,329</u>	<u>\$ (226,306)</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	641,472	-	641,472
TOTAL NET ASSETS	<u>\$ 11,059,016</u>	<u>\$ 10,417,544</u>	<u>\$ 641,472</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 11,799,040</u>	<u>\$ 11,383,873</u>	<u>\$ 415,166</u>

DC RANCH ASSOCIATION

STATEMENT OF CASH FLOW

For the Period Ended September 2022

	<u>Current Month</u> Month Ended September 2022	<u>Year-to-Date</u> Year Ended September 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (deficit) for period	\$ 85,164	\$ 641,472
Adjustments to reconcile net income (deficit)		
Depreciation	5,358	48,222
<u>(Increase)/Decrease in:</u>		
Accounts receivable	(20,394)	(24,145)
Intercompany receivables	1,600	18,420
Prepaid expenses	31,787	30,703
<u>Increase/(Decrease) in:</u>		
Accounts payable	2,151	(56,730)
Accrued expenses		-
Accrued payroll expenses	(29,662)	(15,211)
Deferred revenue		-
Prepaid assessments	(3,067)	(37,433)
Prepaid Council assessments	(617)	59,326
Intercompany payables	(110,979)	(147,956)
Other liabilities	15,229	(4,342)
NET CASH FROM OPERATING ACTIVITIES	<u>(23,430)</u>	<u>512,327</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)	(22,659)
NET CASH FROM FINANCING ACTIVITIES	<u>(2,518)</u>	<u>(22,659)</u>
NET INCREASE (DECREASE) IN CASH	(25,947)	489,667
CASH, BEGINNING OF PERIOD	<u>11,572,558</u>	<u>11,056,943</u>
CASH, END OF PERIOD	<u>\$ 11,546,610</u>	<u>\$ 11,546,610</u>