



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

*Financial statements are preliminary, pending year-end adjustments and audit review*

## Summary by Fund - YTD

	<u>Operating</u>	<u>Reserve</u>	<u>Capital</u>	<u>Total</u>
Revenue	\$ 9,086,335	\$ 467,893	\$ -	\$ 9,554,227
Expenses	7,480,837	1,454,433	-	8,935,270
<b>Operating Income/(Loss)</b>	<b>\$ 1,605,498</b>	<b>\$ (986,541)</b>	<b>\$ -</b>	<b>\$ 618,957</b>
Depreciation	-	64,296	-	64,296
<b>Total Income/(Loss)</b>	<b>\$ 1,605,498</b>	<b>\$ (1,050,837)</b>	<b>\$ -</b>	<b>\$ 554,661</b>
Transfers In/(Out)	(1,894,000)	1,869,000	25,000	-
<b>Total Surplus/(Deficit)</b>	<b>\$ (288,502)</b>	<b>\$ 818,163</b>	<b>\$ 25,000</b>	<b>\$ 554,661</b>

### Revenue

Operating revenue for December totaled \$770k, unfavorable to budget by \$13k (2%). Year-to-date revenue is unfavorable to budget by \$57k (<1%). Significant variances to budget are as follows:

- Non-Assessment Revenue and other income is \$62k unfavorable to budget YTD.

### Expense

Operating expenses for December came in \$34k (4%) unfavorable to budget, with year-to-date expenses \$224k (2%) unfavorable to budget. Notable variances to budget include:

- Payroll and employee-related expenses are over budget by \$82k (2%) 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 to storm clean up. Offsetting these amounts, temporary staff labor that was anticipated for staff shortages is coming in \$78k under budget YTD.
- Information Technology is unfavorable to budget by \$54k YTD due to higher than expected third party support contract services, telephone/internet charges and software licensing fees.
- Utilities are favorable to budget by \$42k YTD.
- Fleet expenses are over budget by \$12k YTD due to rising costs for fuel and vehicle lease renewals, which will continue through year end.
- Security expenses are ending the year \$209k unfavorable to budget. The final security contract was not finalized until after the annual budget had been approved. The renewal amount negotiated is a higher amount than originally estimated.

### **Balance Sheet/Cash Flow**

- Operating cash is \$1.1 mil at 12/31/22, equal to 1.39 months of cash on hand.
- There is currently \$10.1 mil in reserve funds and \$69k in the capital fund.
- The note payable for the Kubota AT vehicles was a 0% financing arrangement for the equipment purchased in 2019 and is now fully repaid.

### **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 before beginning audit field work. The Director of Community Services and Landscape/Maintenance Managers continue to review this data in detail to ensure the time is correct.
- Most neighborhoods are ending the year with an unfavorable variance to budget. The budget variance for staff costs and security has been growing, increasing the loss for certain neighborhoods. Unplanned expenses YTD include lighting replacement and sign repair. Ranch Master has a YTD loss of \$193k due to lower non-assessment revenue and increased costs across most departments.

### **Reserves**

- Reserve expenses came in at \$221k for the month of December. YTD expenses are at \$1.5 mil, higher than budget by \$126k.
- 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 boosted earnings by \$72k over budgeted amounts.

# DC RANCH ASSOCIATION

## STATEMENT OF REVENUE AND EXPENSE

For the Month and YTD Ending December 31, 2022

	December 2022			Year-to-Date			Annual
	Current Month	Budget	Budget Variance	Year to Date	Budget	Budget Variance	2022 Budget
<b>INCOME</b>							
Neighborhood Assessments	\$ 424,384	\$ 423,659	\$ 725	5,089,417	5,083,908	\$ 5,509	\$ 5,083,908
Master Assessments	276,212	275,859	353	3,316,045	3,310,308	5,737	3,310,308
Builder & Developer Assessments	6,881	6,968	(87)	77,911	83,616	(5,705)	83,616
<b>Total Assessment Revenue</b>	<b>707,476</b>	<b>706,486</b>	<b>990</b>	<b>8,483,373</b>	<b>8,477,832</b>	<b>5,541</b>	<b>8,477,832</b>
Lot Sale Fees	4,496	12,000	(7,504)	95,157	150,918	(55,761)	150,918
Management Fees (Cost Sharing)	475	475	-	5,700	5,700	-	5,700
Fines/Fees (Violations, Mods etc.)	20,760	26,850	(6,090)	308,526	322,200	(13,674)	322,200
Sub-Association Fees	3,660	4,575	(915)	46,820	54,900	(8,080)	54,900
Cell Tower Lease(s)	6,453	6,235	218	76,629	74,820	1,809	74,820
Other Income (CFD, Interest, Misc)	26,871	26,643	228	70,129	56,586	13,543	56,586
<b>Total Non-Assessment Income</b>	<b>62,715</b>	<b>76,778</b>	<b>(14,063)</b>	<b>602,961</b>	<b>665,124</b>	<b>(62,163)</b>	<b>665,124</b>
<b>Total Operating Income</b>	<b>770,191</b>	<b>783,264</b>	<b>(13,073)</b>	<b>9,086,335</b>	<b>9,142,956</b>	<b>(56,621)</b>	<b>9,142,956</b>
<b>EXPENSES</b>							
Reserve Contributions	155,750	155,750	-	1,869,000	1,869,000	-	1,869,000
Capital Contribution	-	-	-	25,000	25,000	-	25,000
<b>Total Reserve Expense</b>	<b>155,750</b>	<b>155,750</b>	<b>-</b>	<b>1,894,000</b>	<b>1,894,000</b>	<b>-</b>	<b>1,894,000</b>
Personnel Expenses	349,841	340,550	9,291	2,838,191	2,777,842	60,349	2,777,842
Administration	11,725	31,565	(19,840)	160,447	202,950	(42,503)	202,950
Information Technology	16,567	13,634	2,933	215,229	161,608	53,621	161,608
Human Resources	7,957	3,400	4,557	58,389	37,500	20,889	37,500
<b>Total Administrative Expense</b>	<b>386,090</b>	<b>389,149</b>	<b>(3,059)</b>	<b>3,272,256</b>	<b>3,179,900</b>	<b>92,356</b>	<b>3,179,900</b>
Landscape Services	41,954	43,943	(1,989)	549,527	607,963	(58,436)	607,963
Facilities Maintenance	14,021	17,313	(3,292)	226,028	223,621	2,407	223,621
Utilities	34,145	30,087	4,058	547,552	589,797	(42,245)	589,797
Fleet	13,889	16,955	(3,066)	219,512	207,460	12,052	207,460
<b>Total Maintenance Expense</b>	<b>104,009</b>	<b>108,298</b>	<b>(4,289)</b>	<b>1,542,620</b>	<b>1,628,841</b>	<b>(86,221)</b>	<b>1,628,841</b>
Security	213,190	180,703	32,487	2,430,566	2,222,036	208,530	2,222,036
Community Standards	263	135	128	9,244	5,920	3,324	5,920
Community Relations	6,604	1,038	5,566	17,397	16,456	941	16,456
<b>Total Community Program Expense</b>	<b>220,058</b>	<b>181,876</b>	<b>38,182</b>	<b>2,457,207</b>	<b>2,244,412</b>	<b>212,795</b>	<b>2,244,412</b>
Insurance (non-EE) & Taxes	19,856	16,863	2,993	208,754	203,441	5,313	203,441
Other Expenses	-	-	-	-	-	-	-
<b>Total General Expense</b>	<b>19,856</b>	<b>16,863</b>	<b>2,993</b>	<b>208,754</b>	<b>203,441</b>	<b>5,313</b>	<b>203,441</b>
<b>Total Operating Expense</b>	<b>885,763</b>	<b>851,936</b>	<b>33,827</b>	<b>9,374,837</b>	<b>9,150,594</b>	<b>224,243</b>	<b>9,150,594</b>
<b>Operating Income/(Loss)</b>	<b>(115,572)</b>	<b>(68,672)</b>	<b>(46,900)</b>	<b>(288,502)</b>	<b>(7,638)</b>	<b>(280,864)</b>	<b>(7,638)</b>
Reserve Income	480,246	159,500	320,746	2,361,893	1,939,000	422,893	1,939,000
Depreciation	5,358	5,358	0	64,296	64,296	0	64,296
Reserve Expenses	221,355	237,344	(15,989)	1,454,433	1,328,661	125,772	1,328,661
<b>Reserve Net Income/(Loss)</b>	<b>253,533</b>	<b>(83,202)</b>	<b>336,735</b>	<b>843,163</b>	<b>546,043</b>	<b>297,120</b>	<b>546,043</b>

# DC RANCH ASSOCIATION

## BALANCE SHEET

As Of December 31, 2022

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>Y/Y Change</u>
<b>ASSETS</b>			
<b>CASH</b>			
Cash - Operating	\$ 1,056,616	\$ 1,321,073	\$ (264,458)
Petty Cash	350	350	-
<b>TOTAL CASH</b>	<u>1,056,966</u>	<u>1,321,423</u>	<u>(264,458)</u>
<b>CAPITAL FUND</b>	69,168	50,000	19,168
<b>RESERVE FUND</b>	10,112,659	9,685,520	427,139
Accounts Receivable (Net)	317,350	14,488	302,861
Intercompany Receivable	-	18,420	(18,420)
Prepaid Expenses	261,358	129,149	132,209
Other Current Assets	2,285	3,869	(1,584)
<b>TOTAL CURRENT ASSETS</b>	<u>580,992</u>	<u>165,926</u>	<u>415,066</u>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>			
Property & Equipment	356,062	356,062	-
Construction In Progress	-	-	-
<b>TOTAL PROPERTY, PLANT &amp; EQUIP</b>	<u>356,062</u>	<u>356,062</u>	<u>-</u>
Less Accumulated Depreciation	(259,354)	(195,058)	(64,296)
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	<u>96,708</u>	<u>161,004</u>	<u>(64,296)</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 11,916,493</u></u>	<u><u>\$ 11,383,873</u></u>	<u><u>\$ 532,620</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 384,101	\$ 326,423	\$ 57,678
Intercompany Payable	147,688	222,040	(74,352)
Accrued Expenses	117,815	106,125	11,690
Prepaid Assessments	291,477	274,737	16,740
Deferred Revenue	-	-	-
Other Current Liabilities	3,207	9,309	(6,102)
<b>TOTAL CURRENT LIABILITIES</b>	<u>944,288</u>	<u>938,635</u>	<u>5,654</u>
Note Payable - Kubota Vehicles	-	27,695	(27,695)
Note Payable - PPP Funds	-	-	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>0</u>	<u>27,695</u>	<u>(27,695)</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 944,288</u></u>	<u><u>\$ 966,329</u></u>	<u><u>\$ (22,041)</u></u>
<b>NET ASSETS</b>			
Operating Equity	824,737	824,737	-
Capital Equity	50,000	50,000	-
Reserve Equity	9,542,807	9,542,807	-
Current Year Profit/Loss	554,661	-	554,661
<b>TOTAL NET ASSETS</b>	<u><u>\$ 10,972,205</u></u>	<u><u>\$ 10,417,544</u></u>	<u><u>\$ 554,661</u></u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 11,916,493</u></u>	<u><u>\$ 11,383,873</u></u>	<u><u>\$ 532,620</u></u>

# DC RANCH ASSOCIATION

## STATEMENT OF CASH FLOW

For the Period Ended December 2022

	<u>Current Month</u> Month Ended December 2022	<u>Year-to-Date</u> Year Ended December 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (deficit) for period	\$ 137,961	\$ 554,661
Adjustments to reconcile net income (deficit)		
Depreciation	5,358	64,296
<u>(Increase)/Decrease in:</u>		
Accounts receivable	(268,136)	(302,861)
Intercompany receivables	-	18,420
Prepaid expenses	(193,597)	(132,209)
<u>Increase/(Decrease) in:</u>		
Accounts payable	109,209	57,678
Accrued expenses	844	844
Accrued payroll expenses	1,697	10,846
Deferred revenue	-	-
Prepaid assessments	81,266	16,740
Prepaid Council assessments	(52,553)	-
Intercompany payables	(25,879)	(74,352)
Other liabilities	2,959	(4,518)
NET CASH FROM OPERATING ACTIVITIES	<u>(200,870)</u>	<u>209,545</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant & Equipment	-	-
NET CASH FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note Payable PPP Funds	-	-
Acquisition of long-term debt	-	-
Principal payments of long-term debt	-	(27,695)
NET CASH FROM FINANCING ACTIVITIES	<u>-</u>	<u>(27,695)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(200,870)</b>	<b>181,850</b>
CASH, BEGINNING OF PERIOD	<u>11,439,663</u>	<u>11,056,943</u>
<b>CASH, END OF PERIOD</b>	<b><u>\$ 11,238,793</u></b>	<b><u>\$ 11,238,793</u></b>