



HH HOA Treasury Report

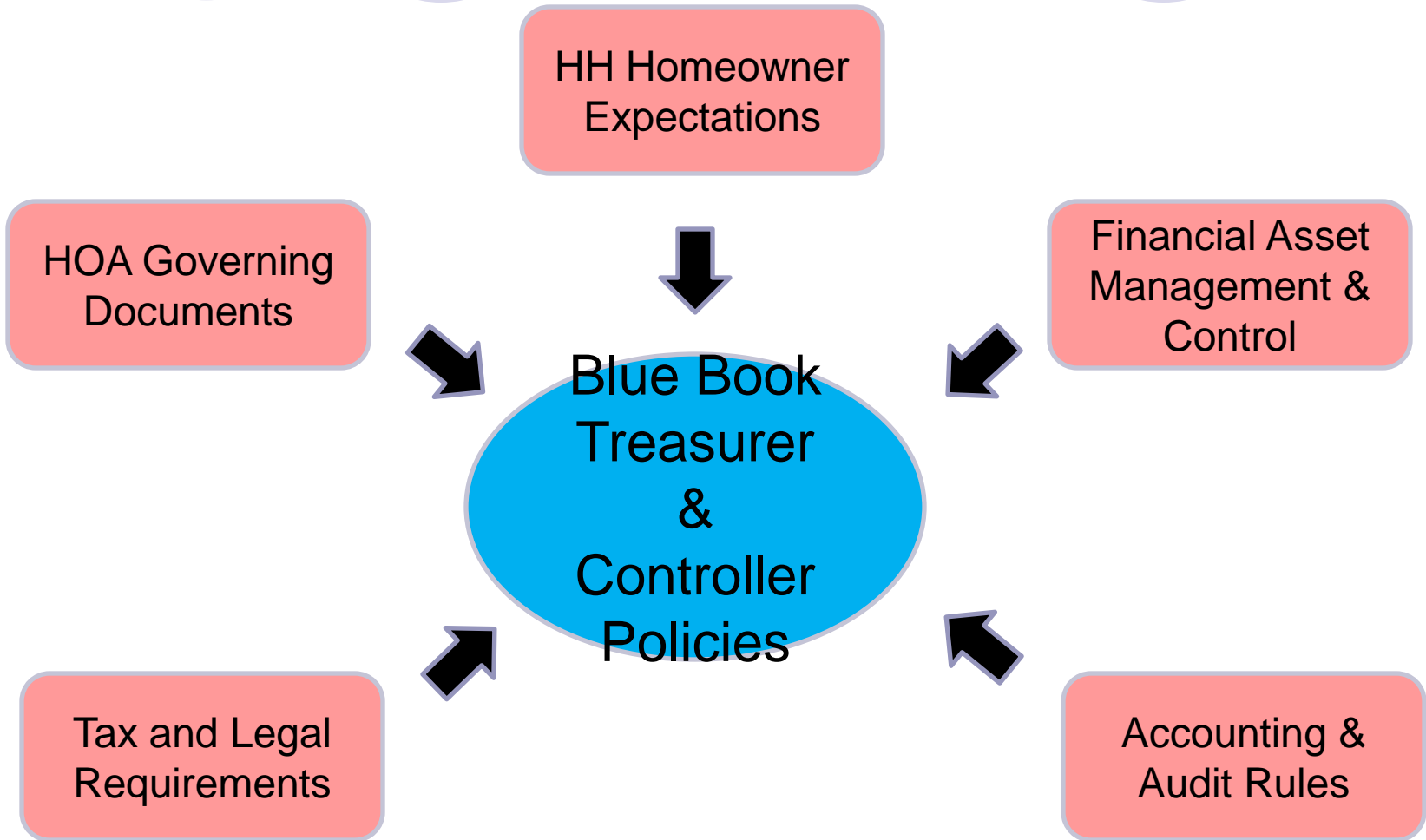
June, 2008



Treasury Report Topics

- Improving HOA Financial Process Visibility
 - Preview of Treasury/Controller Policies (Blue Book)
 - Selected Policy Components
 - Integrating Policies and Practices – 3Q, 4Q, 2008
- Controller's Report – Ted Colburn
 - Financial Reports
 - Operating Results by Department
 - Reserve
 - Renovation
 - Discussion

Financial Policies – Influence Diagram



Treasury/Controller Policies - 2008

- New

- Banking Policy and Authorities

- Financial Reporting

- Budget Policy and Procedures

- Duty Statements,

- Treasurer, Controller

- Audit Committee, Reserve Planning/Investing Team

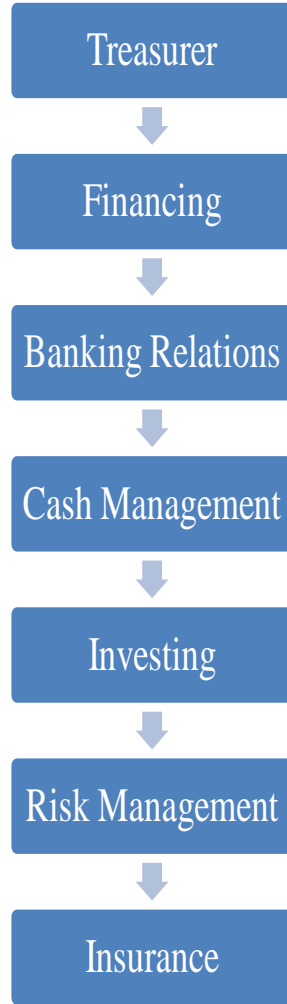
- Updated

- Procurement, Capital Expenditures

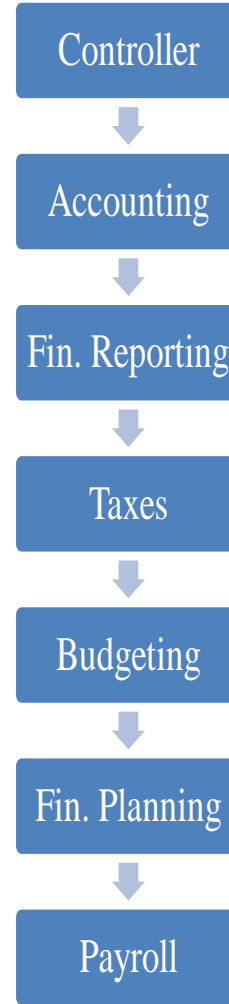
- Investing Policy

Traditional Division of Financial Responsibility

Treasurer



Controller





Blue Book – Selected Condensations

Financial Reporting

- For Accounting, HOAs are classified as Common Interest Realty Associations (CIRAs)
- AICPA Publishes a Guide for CIRA. IRS also has requirements for HH level of income.
- Recommended Method is Fund Accounting HH has
 - Operating Fund
 - Reserve Fund
 - Project Fund (includes 2008 Renovation)
 - HH uses Accrual Accounting for Operating Fund – principle is matching related revenues and expenses by time period.



Blue Book – Selected Condensations

- Operating Fund Reporting

- Following AICPA Guide, HH prepares

- Income Statement
- Balance Sheet
- Statement of Cash flows

- Management Reports – By HH
Department

- Include only Direct Revenues and Expenses, I.e. What can be managed.
- Results compared with Budget and Prior Year
- Forecast Updates used as 1) management tool and for 2) cash planning

Schedule of HH HOA Financial Reports

Fund	Statement Type	Frequency	Availability
Operating Fund	Income Statement Balance Sheet Cash Flow Key Factor Analysis Current Year Forecast Update	Monthly Monthly Monthly Monthly Quarterly	Recommended policy is that these be available to Association Members in multiple forms, including but not limited to the HOA Website.
Reserve Fund	Current Balance Current Year Forecast Update Annual Long Range Update	Monthly Quarterly Annual	
Project Fund Renovation	Cash Flow Summary Invoice Tracking	Monthly	
Budgets Operating Fund Reserve Fund	Income Statement Balance Sheet Non-Reserve Capital Cash Flow Year End Summary Budget Year Detail Annual Long Range Update	All Annual	
Special Reports and Activities	Treasury/Controller Policy Update	Annual	HOA Lobby and HOA Website



Controller's Report

- Financial Results by Department and Consolidated – May and May YTD
- Cash Flow
- Renovation Payments Status
- Discussion



May 2008

Financial Results

Heritage Highlands Income Statement
May 2008
(Thousands)

Current Month

Year to Date

	<u>Act</u>	<u>Bud</u>	<u>Var</u>	<u>Act</u>	<u>Bud</u>	<u>Var</u>
Administration						
Revenue	169	173	(4)	869	867	2
Operating Exp	119	123	4	647	674	27
Net Income	50	50	0	222	193	29
Food and Beverage						
Revenue	42	71	(29)	312	398	(86)
Operating Exp	69	84	15	422	469	46
Net Income	(28)	(14)	(14)	(110)	(71)	(40)
Golf Shop						
Revenue	176	171	5	1,048	1,014	34
Golf Shop Exp	59	61	2	356	362	6
Maintenance Exp	130	133	3	512	581	69
Net Income	(13)	(23)	10	181	71	109
Net Income B/4 Depr	10	13	(3)	293	194	99

Heritage Highlands

May 2008 Financial Success Factors

		Current Month				%	Year to Date				%
		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Var</u>	<u>Var</u>	
Revenue Factors											
	# of Resales	5	4	(1)	-20.0%	25	25	0	0.0%		
	# of Golf Members	428	456	28	6.5%	428	456	28	6.5%		
	# of Member Rounds	3,800	3,318	(482)	-12.7%	21,950	22,318	368	1.7%		
	# of Resident/Guest Rounds	800	833	33	4.1%	4,600	5,339	739	16.1%		
	# of Outside Green Fee Rounds	480	197	(283)	-59.0%	1,560	711	(849)	-54.4%		
	# of Tournament Rounds	300	483	183	61.0%	630	981	351	55.7%		
	Total Rounds	5,380	4,831	(549)	-10.2%	28,740	29,349	609	2.1%		
	# of Grill Covers	3,100	3,727	627	20.2%	19,050	21,508	2,458	12.9%		
	# of Banquet Covers		803	803			4,747	4,747			
	F&B Cost of Goods %	37.1%	40.5%	3.4%	9.3%	36.9%	38.7%	1.9%	5.1%		
Expense Factors											
	# of Full Time Equivalents(FTE's)										
	Administration	17.2	16.9	(0.3)	-1.5%	17.9	16.6	(1.3)	-7.0%		
	Golf Services	11.8	11.6	(0.2)	-1.6%	12.0	11.5	(0.5)	-4.2%		
	Golf Maintenance	18.0	15.4	(2.6)	-14.4%	18.0	15.0	(3.0)	-16.6%		
	Food & Beverage	19.4	14.2	(5.2)	-26.9%	20.6	18.5	(2.1)	-10.0%		
	Total FTE's	66.5	58.2	(8.3)	-12.4%	68.5	61.7	(6.8)	-9.9%		
	Irrigation M of gallons	18.0	20.6	2.6	14.4%	52.2	49.5	(2.7)	-5.2%		



Variations

- Revenue

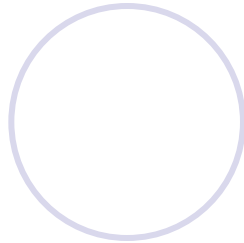
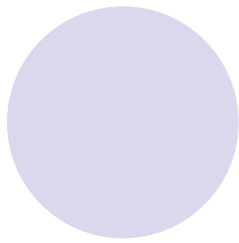
- F&B revenue

- Golf memberships versus green fees

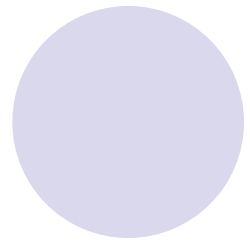
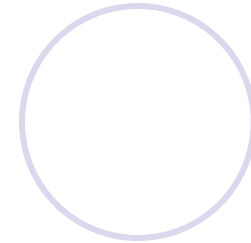
- Expenses

- Payroll

- Irrigation water (over in May, YTD okay)



Heritage Highlands
Statement of Cash Flows
May 2008
Thousands



	Operating	Reserves	Renovation	Total
Cash, Year End 2007	205	1,359	1,630	3,194
Cash, 2008 Current Month	525	1,588	1,690	3,803



Financial Summary

- Positive YTD Results
- Reduced F&B Revenue
- Expenses under control
- Renovation Payment Status
- Questions