FINANCIAL PERFORMANCE
2017 & 2018

COLLINGWOOD POINTE AT THE PRESERVE

An Overview of Financial Performance for 2017 year ending and anticipated 2018

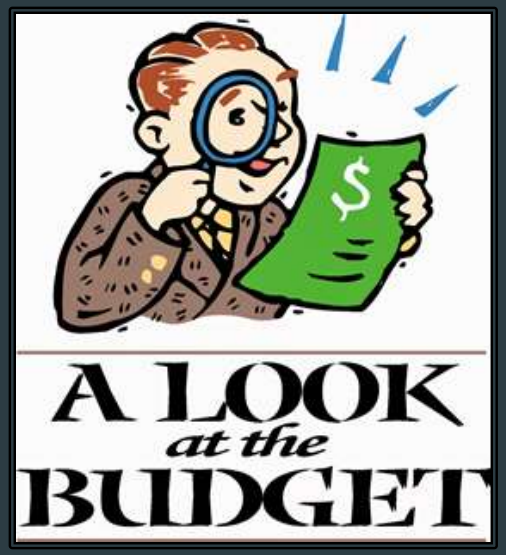
AGENDA

- Volunteer Project List/ 2017
- Operating and Reserve Budget
- Reserve Budgeting & Expense Breakdown
- Reserve Study Funding, Strengths & Weakness
- Anticipated Expenditure Worksheets / 5 year and 15 Year
- Building Expenses /Cost breakdowns
- Loan Information
- Highlights / Summary

This presentation provides an overview of our financial status for 2016.Unless marked as Confidential, all information is available to Home Owners.

Community Volunteer Projects List / 2017

- The projects completed by volunteers and tracked for savings only include work that would have been outsourced to VGL or other vendors
- Volunteers have completed 380.75 man hours of work as of October 10th
- Savings for Community - $21,257.00
  - Example of savings: Each unit owner would need to pay an extra $15 per month to cover these expenses. Savings of $177 to each unit
- Thank you to all the volunteers this year for your time and hard work to make this community a better place to live


A LOOK
at the
BUDGET


Forecast
Budget
Spending
Use
Revenues
Business
History
Future
Profitable
Rebudgeting
Achievement
Unexpected
Projections
Trend
Analysis
Schedule
Costs
Goals
Investments
Approach
Buffer
Template
Resources
Figures
Target
Returns
Savings
Tool
Cash-generating
Spreadsheet
Premises
Model
Expand
Method
Performance
Comparison
Categories
Planner
Expenses
Overruns
Occurrence
Timeframe
Decrease
Appropriate
Decisions
Risk
Management
Increase
Revenues
Simple
Results
Money
Funds
Fluctuate
Scope
Easy
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Operating & Reserve Budget

Operating and Reserve Budget

- The operating portion of the budget identifies the categories of expenses (called line items) that relates to the day-to-day operation of the association. These expenses can be anticipated to be incurred on a fairly regular basis such as monthly or annually.

- Associations need to anticipate for future capital expenses such as a new roof, street paving, and repairs or replacements of other major components. The funds that are required for such future capital expenditures are commonly referred to as the association's "***reserve funds***."

Operating Expenses / 2017

		Operating	Overall
Utilities (*water, trash & electric*)	**$94,076.00**	**25%**	**23%**
Landscape	**$58,911.00**	**22%**	**14%**
Buildings (*does not include capital improvements*)	**$16,727.00**		
Grounds	**777.00**	**75%**	**($228,846)**
Clubhouse	**$11,729.00**		
Pool	**$8,169.00**		
Snow & Ice	**$7,255.00**		
Administrative (*VGL, Insurance, Attorney fees*)	**$75,859.00**	**28%**	**18%**
			55%
Total Expenses=	**$273,503.00**		

2017 Year Ending

Total Liabilities & Equity	**$283.093.00**	***as of December 31,2017***
Total Revenues	**$411,739.00**	*Association fees, late fees, misc. fees & Reserves*
Total Operating Expenses	**$273,503.00**	
Capital Reserves Expenses	**$139,034.00**	*$98,677 Reserve Revenues*
Total Expenses:	**$412,537.00**	
Total Gain/Loss/ Year ending:	**-$797.00**	

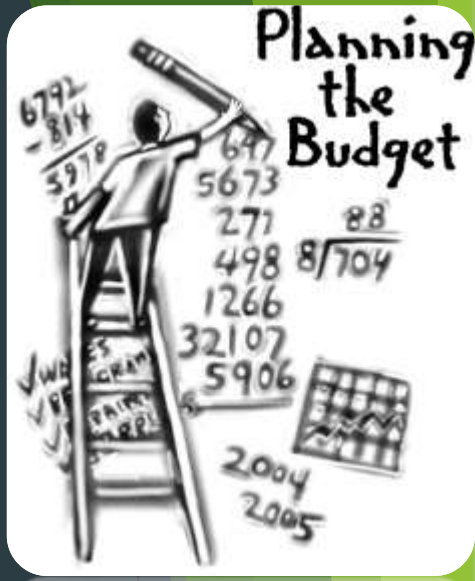
Financial Projections Upcoming Year

$439,075.00	***Revenues***
-$275,789.00	***Total Operating Expenses***
$163,286.00	***Reserve funding***
-$174,547.00	***Total Capital Expenses***
	This total includes loan amount
-$11,261.00	***Gain/ Loss***

Let's talk about Reserve Budgeting

The Funding Plan

- An association's plan to provide income to a Reserve Fund to offset anticipated expenditures from that fund



- The maintenance of an accurate replacement reserve budget is very important. Not only does the information supplement the association's operating budget, but it also an important tool for the preservation of property values and the control of annual costs for the association's membership.

- A good reserve plan provides owners and potential buyers (and their lenders) with a more accurate picture of the association's financial strength and market value.

2018 Reserve Expense Breakdown

RESERVE EXPENSES/ 2018	7000	Original Budget	Encumbrance Actuals	
7015	Replacement/ Repair Curb		3,000.00	
7018	Roads / Seal Coating	25,500.00	26,000.00	
7021	Roads / Crack Sealing	1,500.00	1,500.00	
7020	Fences/ Repairs & Replacement	31,266.00	31,266.00	
7023	Building Repair/ Siding	50,000.00	Included with funds from loan	
7028	**Building Repair / Roof / Loan**	75,000.00	**112,000.00**	
7033	Tree / Shrub Replacement	8,000.00	7,000.00	
7099	Maintenance / Misc.		3,000.00	
Total Reserve Expenses				
	Total Budget / Reserve	**191,266.00**	**184,766.00**	
Net Reserve Income / Drain	Reserve Net Income (Loss)			

Proper planning, preparation and execution of income, expenses and reserve savings will assist in maintaining our assets.

Our home values have increased in the past 3 years and now our goal is to continue with increased property values.

Reserve Underfunding

An Association's reserves are considered "underfunded" when the Reserve Fund Strength at the start of their fiscal year is less than 70% funded. This means that the amount of money in an Association's reserve account is less than 70% of the amount required to match the current common area deterioration.

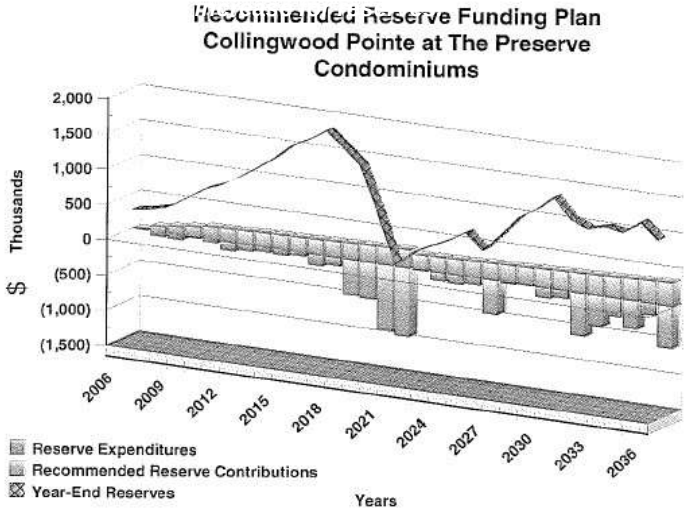
Reserve Study/2010

Recommendations for Reserve Contributions

Based on the investigation and analysis as detailed in the accompanying narrative, we recommend the following Reserve Funding Plan (Reserve Contributions) to offset the anticipated future Reserve Expenditures of the subject Reserve Components during the next 30 years.

Recommended Reserve Contributions

Year	$	Year	$	Year	$
2007	78,500	2017	226,700	2027	247,000
2008	112,500	2018	234,200	2028	255,200
2009	146,500	2019	241,900	2029	263,600
2010	180,500	2020	249,900	2030	272,300
2011	186,500	2021	258,100	2031	281,300
2012	192,700	2022	210,000	2032	290,600
2013	199,100	2023	216,900	2033	300,200
2014	205,700	2024	224,100	2034	310,100
2015	212,500	2025	231,500	2035	320,300
2016	219,500	2026	239,100	2036	330,900



Reserve Funding Strength

Common area deterioration can be “monetized” by a term called “Fully Funded Balance”. Fully Funded Balance is the computed value of the deterioration of the association’s common area assets. This figure is determined by multiplying the “fractional age” (Age/Useful Life) of each component by its current estimated Replacement Cost, then summing them all together.“

Reserve Fund Strength/ Balances = Total replacement cost /divided by life years/ multiplied by years remaining

Example will be shown on worksheets coming up

Fully Funded Balance is the computed value of the deterioration of the association's common area assets. This figure is determined by multiplying the "fractional age" (Age/Useful Life) of each component by its current estimated Replacement Cost, then summing them all together.

Example: (Chimney Caps) / 15/25th's of $16000 = 15/25=0.60 *$16,000 = $9600					
Inventory	***Units***	***Estimated 1st Year of Replacement***	***Life/ Years***	***Future Cost of Replacement/ Reserve Study***	***Fully Funded***
Exterior Building					
Chimney Caps	40	2024	25	$16,000.00	$10,880.00
Gutters / Downspouts	13200	2018	15 to 20	$118,800.00	$100,980.00
Light Fixtures/ Exterior	240	2026	20	$24,000.00	$20,400.00
Roofs/ Asphalt	2900 Squares to 5th	2018	20	$1,000,000.00	$850,000.00
Shutters / Vinyl	300 pairs	2024	20	$24,000.00	$20,400.00
Walls , Fiber cement (Paint)	120	2016	8	$54,000.00	$114,750.00
Walls, Fiber cement (Replacement)	65000 Sq.ft.	2016	50	$75,000.00	$25,500.00
Wood Trim (Replacement)	43000 Lin.ft	2012	50	$75,000.00	$25,500.00
Walls, Trim, Wood (Paint)	43000 Lin.ft	2016	4 to 6	$33,000.00	$93,500.00
Masonry, Inspections & Repairs	49000 Sq.Ft.	2016	8 to 12	$19,600.00	$27,766.67
				$1,439,400.00	**$1,289,676.67**

Inventory	Estimated 1st Year of Replacement	Life/ Years	Future Cost of Replacement		2015	2016	2017	2018	2019	2020	2021	2022
Pavement-4800 Lin.ft./ Streets												
Asphalt Crack Repairs	2015	3 to 5				$1,500.00		$2,000.00		$2,500.00		$3,000.00
Asphalt Seal Coat	2016	2 to 3				$23,652.00		$26,000.00		$28,000.00		$29,000.00
Asphalt Drives & Access drives Mill & Overlay	2017	15 to 20	$389,889.00		$164,013.26	$3,000.00						
Asphalt Streets/ Mill & Overlay	2014	15 to 20	$78,219.00				$21,571.00			$30,000.00		$33,000.00
Catch basins/ Storm/ Repairs	2014	15 to 20	$6,000.00		$6,500.00							
Sanitary Sewer Manholes			$10,000.00		$6,991.12							
Concrete/ Curbs	2014/partial	to 65	$56,604.00		$2,000.00			$3,000.00		$4,000.00		
Concrete/ Sidewalks & Patios	2012	to 30	$155,252.00		$33,649.51							
Fences/ Patio (Paint)	2014	4 to 6	$4,500.00			$1,500.00						
Fences / Patio (Repairs-Replacement) Vinyl	2024	15-to 25	$21,600.00		$11,877.42		$31,266.00	$31,266.00				
Irrigation system	2034	35.00	$20,000.00									
Mailbox Stations	2019	25	$14,400.00						$7,200.00	$7,200.00		
Signage/ Traffic Management	2019	15 to 20	$0.00			$2,227.72						
Signage Address	2019	15 to 20	$0.00									
Miscellaneous					$3,665.00							
Landscape						$8,000.00	$7,640.00	$7,000.00	$8,000.00	$8,000.00	$8,000.00	$8,000.00

Inventory	Estimated 1st Year of Replacement		Life/ Years	Future Cost of Replacement	2015	2016	2017	2018	2019	2020	2021	2022
Pool Elements												
Concrete Deck Replacement/ Repairs	2400 Sq.ft	2017	10	$6,720.00			$3,509					
Pool Painting		2017	10 to 15	$2,000.00		$1,900						
Fence, Wood and Metal	220 Lin.ft	2022	25	$9,539.00		$500.00						
Furniture		2014	12	$6,000.00				$3,000				
Mechanical Equipment		2015	10 to 15	$8,500.00								
Plaster finish/ Structure and Repair	640 Sq.ft	2013	8 to 12	$8,320.00								
				$41,079.00	***$0.00***	***$2,400***	***$3,509***	***$3,000***	***$0.00***	***$0.00***	***$0.00***	***$0.00***
Anticipated Expenditures for Repairs/ Replacement				**$3,637,058.00**	**$228,696**	**$118,029**	**$138,986**	**$74,266**	**$31,700**	**$91,700**	**$8,000**	**$73,000**

Anticipated Reserve Revenues through 2022/ 5 Year plan

Expense Increases based on CPI @ 2% Average annually	***2017***	***2018***	***2019***	***2020***	***2021***	***2022***
Total Current Assets/ Year Beginning	***$280,948.00***	***$283,093.08***	***$264,665.08***	***$273,945.08***	***$227,817.96***	***$270,121.51***
Anticipated Total Revenue/ Current Year/ 3% annually	*$394,560.00*	*$434,400.00*	*$434,400.00*	*$447,432.00*	*$460,854.96*	*$474,680.61*
Total Operating Expenses/ 2% Annually	*$273,255.00*	*$275,789.00*	*$281,304.00*	*$289,743.12*	*$298,435.41*	*$307,388.48*
Liabilities/ Loan Amount		*$102,773.00*	*$112,116.00*	*$112,116.00*	*$112,116.00*	*$112,116.00*
Total Asset Balance	*$402,253.00*	*$338,931.08*	*$305,645.08*	*$319,517.96*	*$278,121.51*	*$325,297.64*
Anticipated Reserve Expenses	***$138,986.00***	***$74,266.00***	***$31,700.00***	***$91,700.00***	***$8,000.00***	***$73,000.00***
Anticipated Reserves/Asset Year Ending	***$263,267.00***	***$264,665.08***	***$273,945.08***	***$227,817.96***	***$270,121.51***	***$252,297.64***

Anticipated Reserve plans throughout remainder of 15 years / Year 2033

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
$252,297.64	$270,492.54	$262,606.76	$289,545.39	$322,718.16	$156,539.59	$236,179.15	$321,811.37	$375,616.04	$473,778.33	$528,988.96
$488,921.03	$503,588.66	$518,696.32	$534,257.21	$550,284.92	$566,793.47	$583,797.28	$601,311.19	$619,350.53	$637,931.05	$657,068.98
$316,610.13	$326,108.43	$335,891.69	$345,968.44	$356,347.49	$367,037.92	$378,049.05	$389,390.52	$401,072.24	$413,104.41	$425,497.54
$112,116.00	$112,116.00	$112,116.00	$112,116.00	$112,116.00	$112,116.00	$112,116.00	$112,116.00	$112,116.00	$112,116.00	$112,116.00
$312,492.54	$335,856.76	$333,295.39	$365,718.16	$404,539.59	$244,179.15	$329,811.37	$421,616.04	$481,778.33	$586,488.96	$648,444.40
$42,000.00	$73,250.00	$43,750.00	$43,000.00	$248,000.00	$8,000.00	$8,000.00	$46,000.00	$8,000.00	$57,500.00	$8,000.00
$270,492.54	$262,606.76	$289,545.39	$322,718.16	$156,539.59	$236,179.15	$321,811.37	$375,616.04	$473,778.33	$528,988.96	$640,444.40

Building Expenses in 2018

New roofs
Gutters
Downspouts
Leaf guard on perimeter units
Building repairs

2018 Building Expenses

Roofing Expenses	$695,000.00
Gutter Expenses	$136,595.00
Siding Expenses	$403,590.00
Roofing Reimbursement	+$35,185.00
Total	$1,200,000
Deposit ($25,000) and Fees for loan	-$26,085.00
Proceeds Available	**1,173,915.00**

Poplar Association Banking

- $1,200,000 loan
- 4.7% interest
- 15 year term of loan
- Maturity date of February 1, 2033
- Monthly payment of $9343.75
- Annual payback amount of $112,125.00

Highlights

- Implemented a loan program to make improvements to roofs and buildings and pay for major capital improvements with funding through our Association fees
- **“No large individual assessments”**
- Developed a plan for the present, 5 year and 15 year expenditure budget
- Developed and implemented a plan for roofs with a 20 year warranty including labor and materials for our roofs
- Plans to implement an aggressive repair program to all buildings
- All vinyl patio fences will be completed
- Roadway will be repaired and sealed
- *Without increases in Association fees in past (2) years, the loan would not have been possible*

<u>Recommendations for Reserve Contributions</u>

2014 – 28% of recommended contributions
2018 – 70% of recommended contributions

We hope you have gained an insight into the learning process and that you have enjoyed this presentation and learnt from it?