

MEMORIAL NORTHWEST HOA

2010 BUDGET

MNW HOA General Meeting
April 2010

2010 Budget

- **Objectives / Options**
- **Key Assumptions**
- **Budget Overview / Expense Analysis**
- **What is not in the Budget**
- **2010 Assessment - No Increase**

2010 Budget Objectives

- ✓ **Balanced budget if possible with back-up to use cash reserves**
- ✓ **Maintain cash reserve for ~ three / six months (rainy day fund) of annual HOA expenses**
- ✓ **Evaluate Community Center options but these costs will be separate**

2010 Budget Options

Budget Options

- ✓ **Balanced budget (normal practice) via continued tight expense controls**
- ✓ **Dues increase to cover increased maintenance fund – security, etc.**
- ✓ **Deficit budget with funding from cash reserves**

Build a new Community Center --- Not in this Operating Budget...

- ✓ **Any recommended option requiring related dues increases will go to homeowners for approval**
- ✓ **After discussion with homeowners the board may opt to use ~ 3 months of the “rainy day fund” to begin modest phased Community Center improvements – separate discussion**

2010 Budget Key Assumptions

Revenues

- HOA dues flat @ \$400
- Historical collections ratio (~95%) ; interest income ~ almost nothing
- Community Center rentals reduced / misc revenues flat (no insurance refund)

Spending increases for security / insurance / evaluate LT Facility Plan ...

- Security contract up 7.1 %
- Insurance costs up ~ 10% (+20% D&O with small increase for liability and property)
- Run and Maintain for Community Center ~ flat (most major repairs in 2005 / 2006/ 2009) but contingencies for club house HVAC and some structural issues / tennis court refurbishing
 - ✓ Tennis - major court rebuild part of LT facilities Plan completed in 2009
 - ✓ Fitness flat spend (purchased new equipment in 2006 / 2007 / 2008)
 - ✓ Pool contract flat (D&S – good performance)
 - ✓ Assumes no major repairs for club house
 - ✓ Electricity rates ~ flat with 2009 actual spending (long term contract)
- Long Term Facility plan process WIP

2010 Budget Overview

Revenues **\$837,000**

Expenses **\$837,000**

Community Center (46%)

Security (27%)

Common area maintenance / pest control (11%)

Management Company (6%)

Other - Insurance, Legal, Collections, Other (10%)

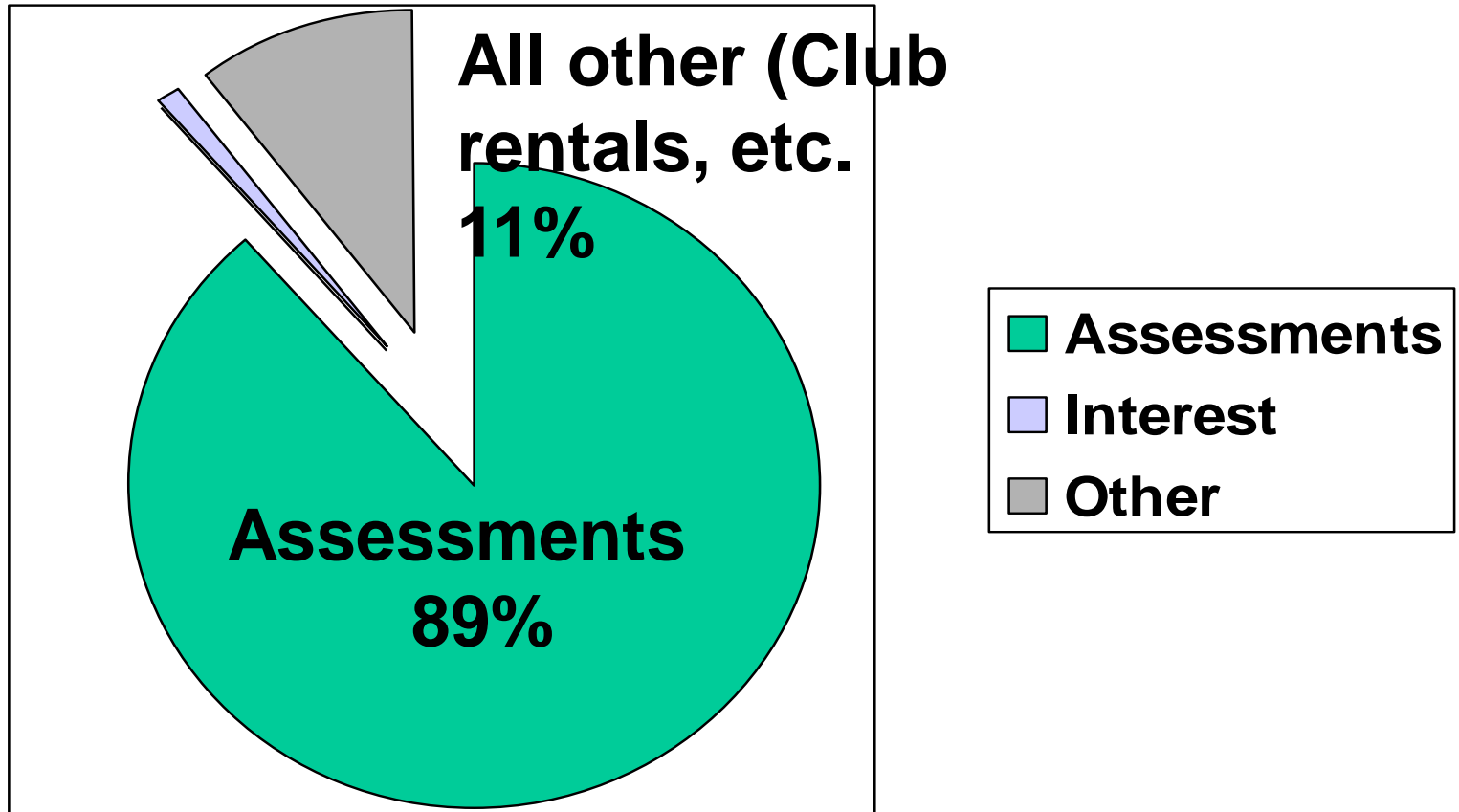
Excess Rev / expenses **\$-0-**

For theoretical comparison only...

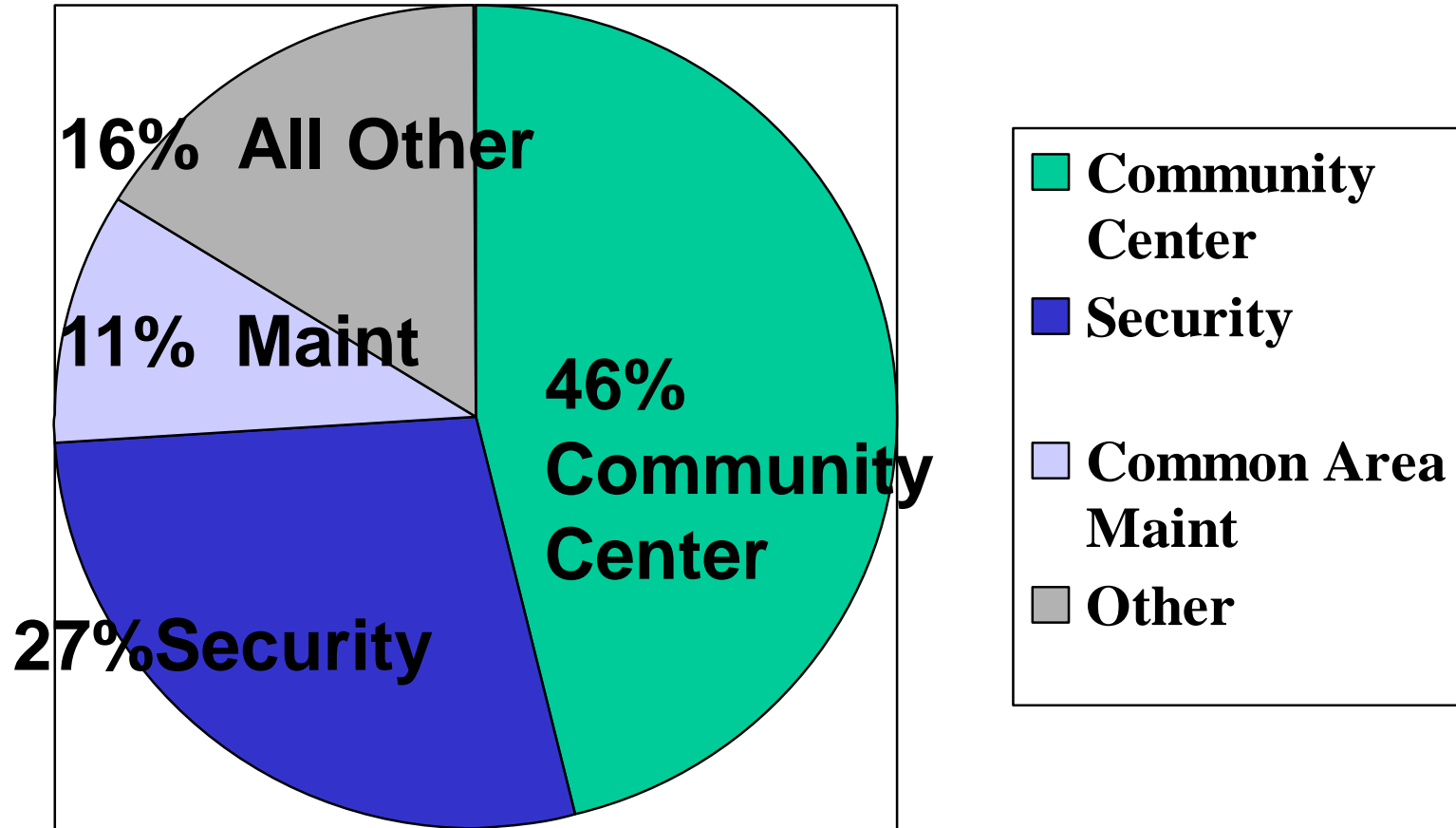
Community center surplus +\$33,000

Maint Fund deficit - \$33,000

2010 Revenues



2010 Expenses

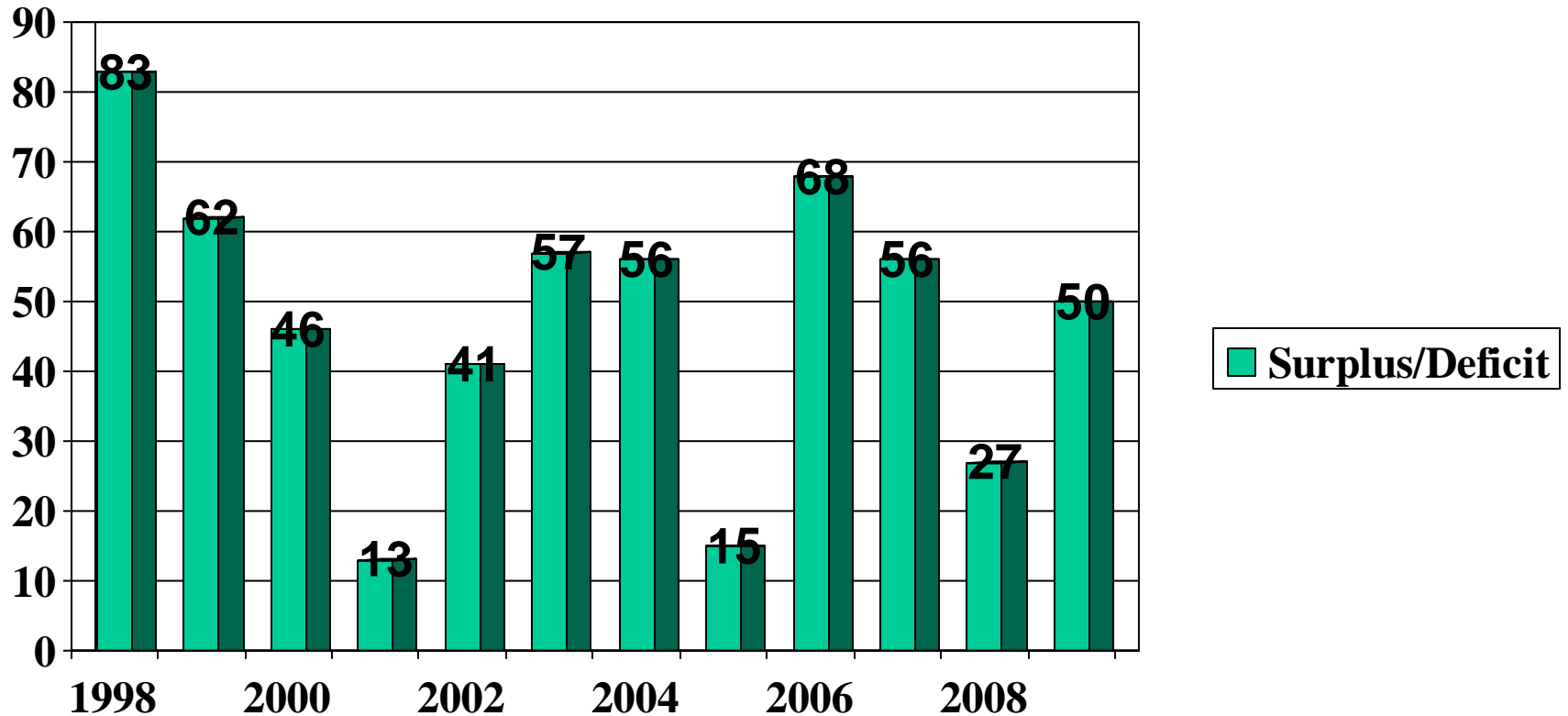


What is not in the 2010 Budget

- **No “major” Community Center renovations / additions / repairs (no re-plastering of pool or new pool (s) / no major fitness or clubhouse refurbishments or new facilities)**
- **No significant exterior entrance monument repairs or renovations such as Cul de Sacs / Sprinklers, etc.**
- **No repairs to pillars or perimeter homeowner fences**
- **No major legal spend /adverse settlement on any HOA / Homeowner lawsuit(s)**
- **Another major hurricane / damages and or extra trash pick-up**
- **Monies for recoveries of non-profit 501 c 3 status**

Surplus / Deficit

Before Capital Spending*** ~ \$575 + (\$ 000s)



2003 primarily due to Section 18,25 revenues / 2004 primarily due to security contract reduction

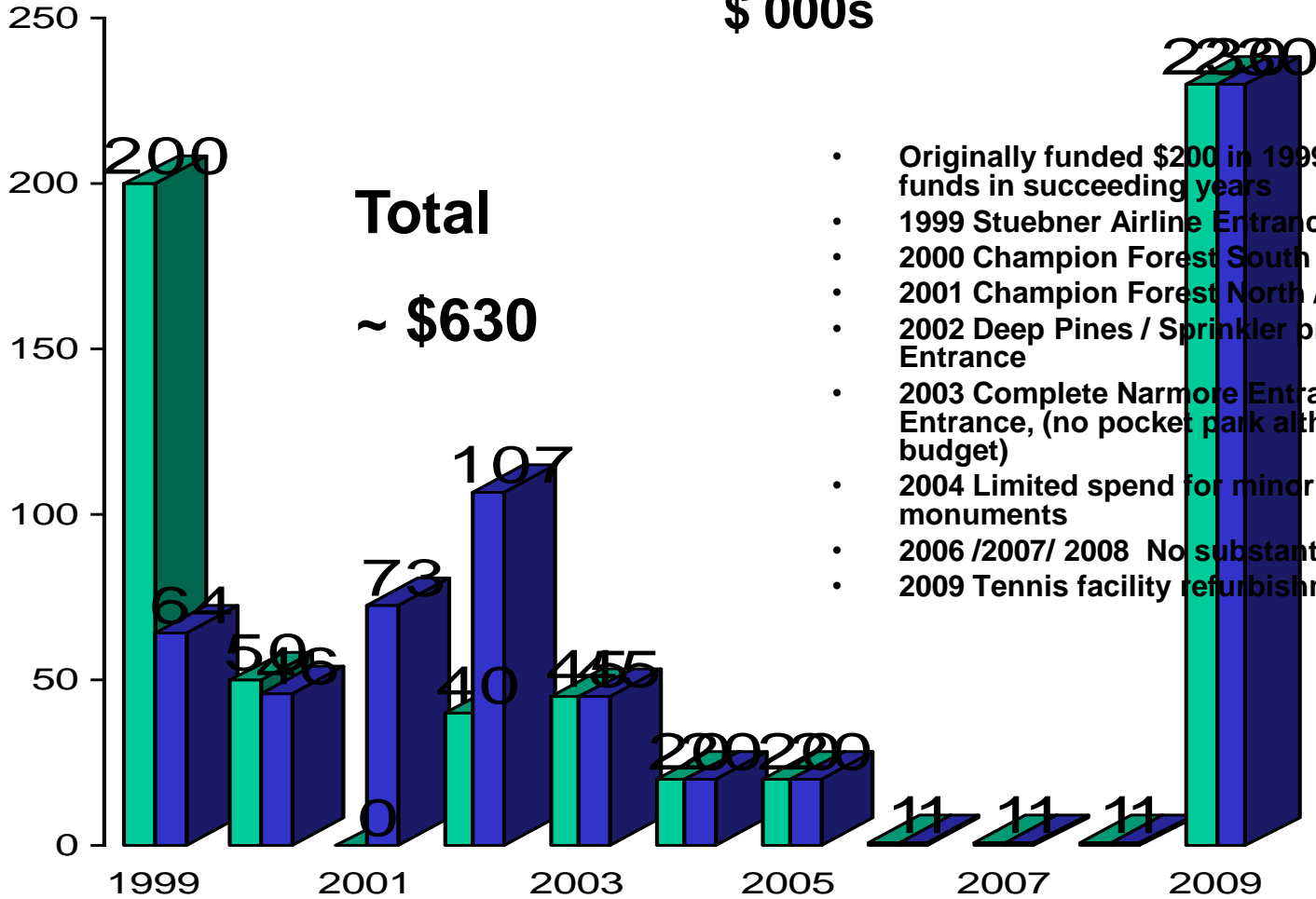
2005 primarily due to Community Center one time catch-up repairs

2006 / 2007 lower - delayed Community Center spend & increased rental revenues partially offset by maint overspend / 2007 helped by \$28,000 insurance settlement for roof damage

2008 primarily extra spending for Hurricane Ike / 2009 - may be another ~ \$ 40 if Non profit status gains in 2009

Capital Fund Activity

\$ 000s



Total
~ \$630

- Originally funded \$200 in 1999 / Transfer surplus funds in succeeding years
- 1999 Stuebner Airline Entrance
- 2000 Champion Forest South
- 2001 Champion Forest North / Sprinkler project
- 2002 Deep Pines / Sprinkler project / Started Narmore Entrance
- 2003 Complete Narmore Entrance / Sec #18,25 Entrance, (no pocket park although was originally in budget)
- 2004 Limited spend for minor interior entrance monuments
- 2006 /2007/ 2008 No substantive capital spend
- 2009 Tennis facility refurbishment

■ Fund Transfer ■ Spending

HOA Assessments Overview

Assesment – No Dues Increase

•Given overall economic climate no dues increase for 2010 / we have sufficient cash reserves even if the actual 2009 results are slightly worse than the planned budget @ break-even

History

- 2008 was the first increase in 12 years except 2005 homeowners vote to take over the Community Center
 - The CPI has moved up over 35%...
 - The 2008 increase reflected the continued inflation for security, maintenance, energy costs and administration
- Community Center assessment of \$175 (2005) was designed to be sustainable for a facility with significant “catch-up” refurbishments and minor phased renovations but not a major tear-down / renovation. We have delivered that assumption / the cash surplus we have run each year approximates the debt service for the original ~ \$750,000 loan assumption
- Memorial Northwest continues to have lower (lowest) assessments in the area

Funding for Community Center Improvements

•Depending on the vote of the homeowners who may authorize a minor / major rebuild of the community center *and* to provide funding (if required) we would then raise assessments (if required) to repay debt required to fund minor /major renovations per that vote...