

MEMORIAL NORTHWEST HOA

2011 BUDGET

June 2011 General Meeting

2011 Budget

- **Objectives / Options – LT Facilities Plan is separate discussion**
- **Key Assumptions**
- **Budget Overview / Expense Analysis**
- **What is not in the Budget**
- **2011 Assessment - No Increase**

2011 Budget Objectives

- ✓ **Balanced budget**
 - ❑ Target to generate surplus
 - ❑ Back-up to use cash reserves for unanticipated expenses

- ✓ **Maintain or increase cash reserves**
 - ❑ Minimum is ~ three / six months (rainy day fund) of annual HOA expenses

- ✓ **HOA is evaluating Community Center options but these costs will be separate**

2011 LT Facility Plan

**Options to refurbish or rebuild the MNW HOA
Community Center --- Not in this Operating
Budget...**

There will be a separate meeting (set for July 12th)...

- ✓ Any recommended option requiring related dues increases or a long term loan will go to homeowners for approval

2011 Budget Key Assumptions

Revenues

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

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

- Security contract up 4.0%
- 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 low 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 2009/2010 actual spending (long term contract)
- Long Term Facility plan process WIP

2011 Budget Overview

Revenues **\$853,000**

Expenses **\$853,000**

Community Center (46%)

Security (27%)

Common area maintenance / pest control (11%)

Management Company (6%)

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

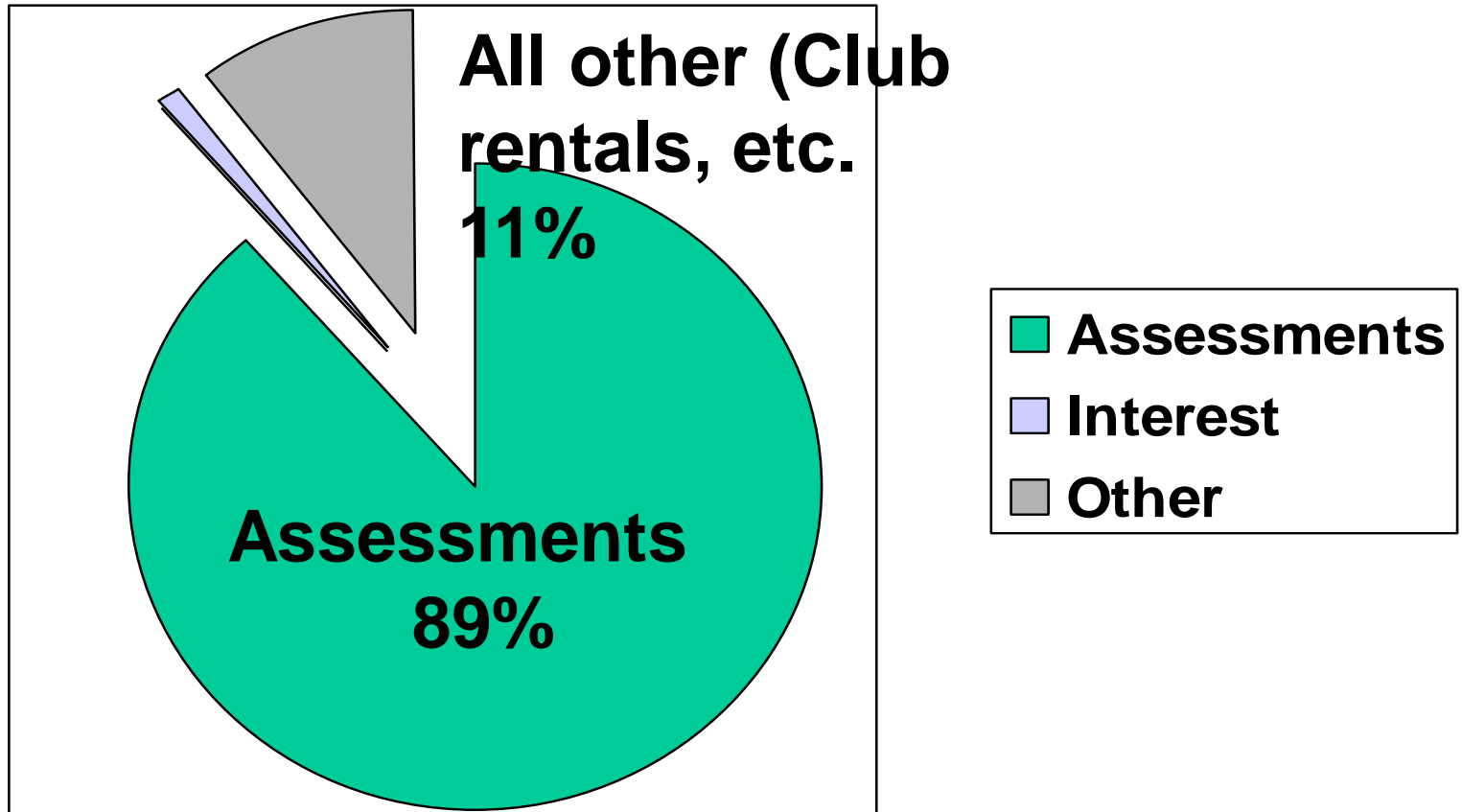
Excess Rev / expenses **\$-0-**

For theoretical comparison only...

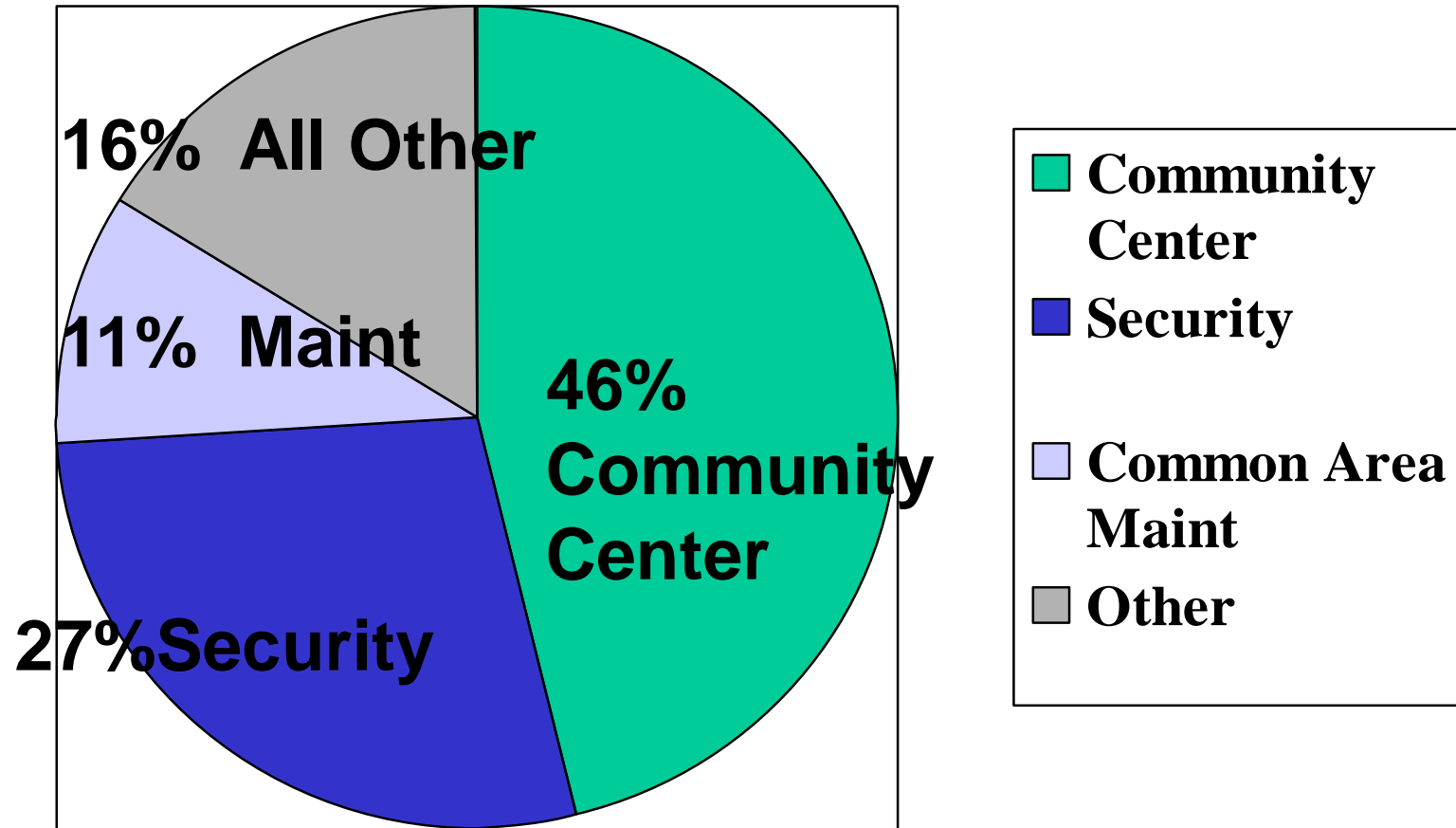
Community center surplus +\$33,000

Maint Fund deficit - \$33,000

2011 Revenues



2011 Expenses



What is not in the 2011 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 material rebuild or additional 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**
- **No additional monies for recoveries of non-profit 501 c 3 status**

HOA Assessments Overview

Assesement – No Dues Increase

•Given overall economic climate no dues increase for 2011 / we have sufficient cash reserves even if the actual 2011 results are slightly worse than the planned budget @ break-even

History

- 2008 was the first assessment increase in 12 years except 2005 homeowners voted to take over the Community Center
 - The CPI has moved up over 45% since 1996... 7% since 2008...
 - 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 / exclusive of the \$175 the dues increase has been only 15% since 1996 (\$225/\$196)

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...