



Budget and Finance Committee 2009 Financial Report

Note: This report summarizes the Heritage Hunt Homeowner's Association 2009 financial results. The financial reports have yet to be audited (normally the audit is completed around May) and the final results will change.

The Bottom Line

The 2009 budget approved by the Board of Directors in November, 2008 called for a modest profit of \$6,000. Instead we finished the year spending \$165,000 more than we earned for the year. Fortunately, we have the resources to absorb these additional expenses. BUT this cannot continue indefinitely. A major reason for the Board of Directors changing vendors to operate the golf and dining operations was that the combined income from these operations was \$349,000 below budget.

Income

Income from all sources for the year was \$8,352,000 or \$156,000 below budget. We finished the year with \$98,000 of assessment income over budget and \$94,000 of various other income over budget to offset the fact that the golf and dining operations missed their income objective by \$349,000.

Monthly assessments finished the year \$98,000 above budget due to the late season push by Lennar to build and close a higher number of new units than they forecast in 2008 – 64 new sales compared to a budget of 24. As of December 31 there was only one unsold condo unit and two new single family homes plus five additional homes to be built. In addition, the one-time capital contributions for the year were \$68,000 over budget with 60 resales against a goal of 52 resales.

On the Food and Beverage side income was \$184,000 less than projected (\$1,224,000 actual vs. \$1,408,000 budgeted). The dining operation was \$61,000 behind budget and the banquet operation was a disappointing \$123,000 behind. In 2008 the Food and Beverage Operation made its goal of \$1,426,000.

Golf membership fees for residents were below target by only \$1,000 but non-resident membership fees were \$16,000 under budget. The killer was Greens Fees - **\$180,000 under budget**. What happened? The major contributor was the switch of former Hunt Club members (who paid greens fees) to the Platinum Memberships by allowing them to pay monthly rather than annually (where they now no longer paid greens fees) resulted in \$80,000 less in greens fees from the former Hunt Club members. The bottom line is that golf income budget finished the year \$165,000 behind budget.

Expenses

On the expense side CMC came in \$75,000 over its budget (including \$42,000 of interest earnings on reserves in excess of what had been projected). The major items which came in under budget were maintenance (\$35,000), contracted services (\$38,000), and professional services (\$32,000). The major items which came in over budget were interest earnings on reserves of \$42,000, taxes and insurance of \$33,000 and payroll of \$24,000. The December snow storm not only used up its budget but also required a withdrawal from the operating reserve.

Even with a decline of \$184,000 of income Food and Beverage expenses were only \$38,000 below budget. Salary, wages and benefits, for example, were \$29,000 over budget.

On the Golf side although income was \$165,000 below budget, total expenses were only \$22,000 below budget. Pro shop/management salaries, wages and benefits were \$13,000 above budget and marketing expenses were \$3,400 higher than budgeted. The golf course maintenance side managed their expenses better by closing out the year by being under budget three out of five categories by \$47,000 and going over budget in the other two by only \$23,000 (one expense being the book loss of \$7,600 on a piece of equipment that was traded towards a replacement).

We ended the year with \$3.8M in our three reserves. In addition there are pre-paid monthly assessments of \$269,000 (paid by Lennar as a sales inducement) and pre-paid golf memberships of \$40,000 (resident and non resident members who pay a lump sum rather than monthly payments). The pre-pays are included in income on a monthly basis as earned.

Year To Date Budget Summary

Item	Budget	YTD	Difference
Gross Income	\$8,509,000	\$8,352,000	-\$ 157,000
CMC Expenses	\$5,406,000 *	\$5,481,000 **	\$ 75,000
Golf Expenses	\$1,695,000	\$1,673,000	-\$ 22,000
F & B Expenses	\$1,401,000	\$1,363,000	-\$ 38,000
Total Income/Loss	\$ 7,000	-\$ 139,000	\$ 146,000

Notes * Includes \$922,000 of budgeted reserve deposits and interest earnings on reserves

** Includes \$964,000 of actual reserve deposits and interest earnings on reserves – the extra \$42,000 is interest earnings in excess of what was projected.