

## **Budget and Finance Advisory Committee 2007 Financial Results Summary**

The December 31, 2007 Financial Reports were distributed to the Committee on Friday, February 8, 2008. The Financial Reports will be reviewed by the Committee at its February 20, 2008 meeting. The Association has signed an agreement with its outside auditors to review the financial reports and that work should be completed by June. In the meantime the results are unofficial. We will summarize any adjustments made by the auditors later this year.

The 2007 Budget projected gross income of \$8.4 Million, expenses of \$8.6 Million and an estimated deficit of \$264,000. Lennar agreed to fund the deficit out of the balance of \$6.2 Million it promised to offset deficits before it turns control of the Association over to its residents. However, instead of a deficit the Association enjoyed a profit of \$121,000. By action of the Board that profit has been carried forward to 2008.

Although income was about \$131,000 below the 2007 budget, expenses were \$517,000 below budget resulting in the net gain of \$121,000.

On the income side assessments and other income was \$243,000 more than projected in the 2007 budget while golf income was \$69,000 less than budgeted and food and beverage income was \$405,000 less. The net result was that total income was \$131,000 below budget.

CMC administration expenses were budgeted at \$5.2 Million but actual expenses were \$104,000 below budget. The biggest savings occurred in the contracted services area with snow removal costs coming in \$49,000 less than projected due to a mild winter and Comcast telephone costs coming in \$46,000 below budget.

The golf management expenses came in \$50,000 below budget and the golf maintenance expenses were \$196,000 below budget. So, although golf income fell \$69,000 short of expectations the savings in expenses resulted in a net gain of \$177,000.

Although banquet income came in \$121,000 below budget due to fewer than anticipated bookings, cost savings in reduced staff wages, food costs etc. amounted to \$196,000 in overall savings. Likewise, dining income came in \$184,000 below budget but comparable savings in reduced staff wages, food costs, etc. of \$135,000 lowered the cost to \$49,000. The net result for the combined banquet and dining operation was a net gain of \$7,600. Therefore, no part of our resident's monthly assessment was used to subsidize the food and beverage operation.

We entered 2008 with \$3.3 Million in reserves to maintain the club house, Marsh Mansion, fitness center, 12 miles of roadway and other common properties. During 2007 \$190,000 was expended from the reserves to repair and replace Association assets with the largest single expense being \$27,000 for well pump repairs.

In addition we had \$450,000 in prepaid assessments. These were mostly monthly assessments prepaid by Lennar to new residents as a sales incentive. The prepaids are moved into operating funds as earned over the next several years. We also had \$50,000 of pre-paid golf fees which will be earned in 2008.

Finally, we closed the year with \$760,000 of cash in the operating funds accounts and \$313,000 of accounts receivable. Accounts receivable included \$103,000 of clubhouse charges and \$72,000 of prepaid expenses. On the other side of the ledger we closed the year with \$1.4 Million of short-term and long-term debt. Some of that debt, such as \$91,000 in deposits for banquet events, the \$450,000 of prepaid assessments and \$50,000 of prepaid golf fees, will become income in 2008.