

MEMORIAL NORTHWEST HOA

2012 BUDGET

As Approved by MNW HOA Board

Nov 2011 Board Meeting

2012 Budget

- **Objectives / Options**
- **Key Assumptions**
- **Budget Overview / Expense Analysis**
- **What is not in the Budget**
- **2012 Assessment - No increase required for ongoing expenses**
 - **but recommend a Board discussion regarding future Sinking Fund(s)**

2012 Budget Objectives

- ✓ **Balanced budget**

- Target to break even or 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 / currently in excess of that target if no major capital spending

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

2012 Budget Key Assumptions

Revenues

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

Expenses

- Security, management and maintenance contracts essentially flat
- Need to discuss Chagall entrance, Louetta fence line improvements (in or out)
- Run and Maintain for Community Center ~ flat (most major repairs in 2005 / 2006/ 2009) / contingencies for club house HVAC and some structural issues /
 - ✓ Tennis – slight increase over 2011 (major court rebuild completed in 2009)
 - ✓ Fitness – increase spend after very low spend in 2009, 2010 and 2011.
 - ✓ Pool contract and Swim Team support TBD (low 2011 spending)
 - ✓ Assumes no major repairs for club house
 - ✓ Electricity rates ~ reduced again due to new long term contract

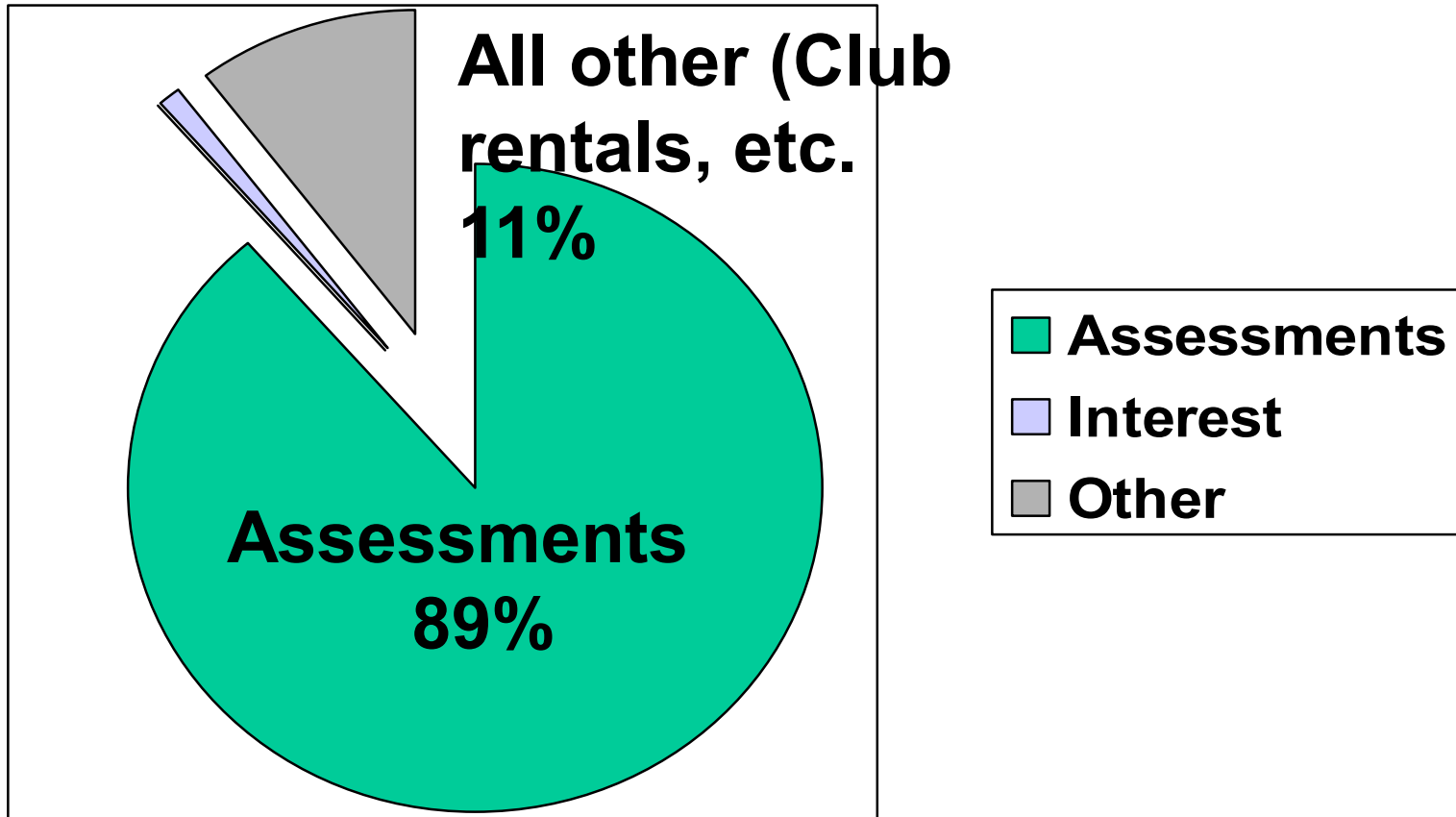
2012 Budget Overview

| | |
|--|------------------|
| 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- |

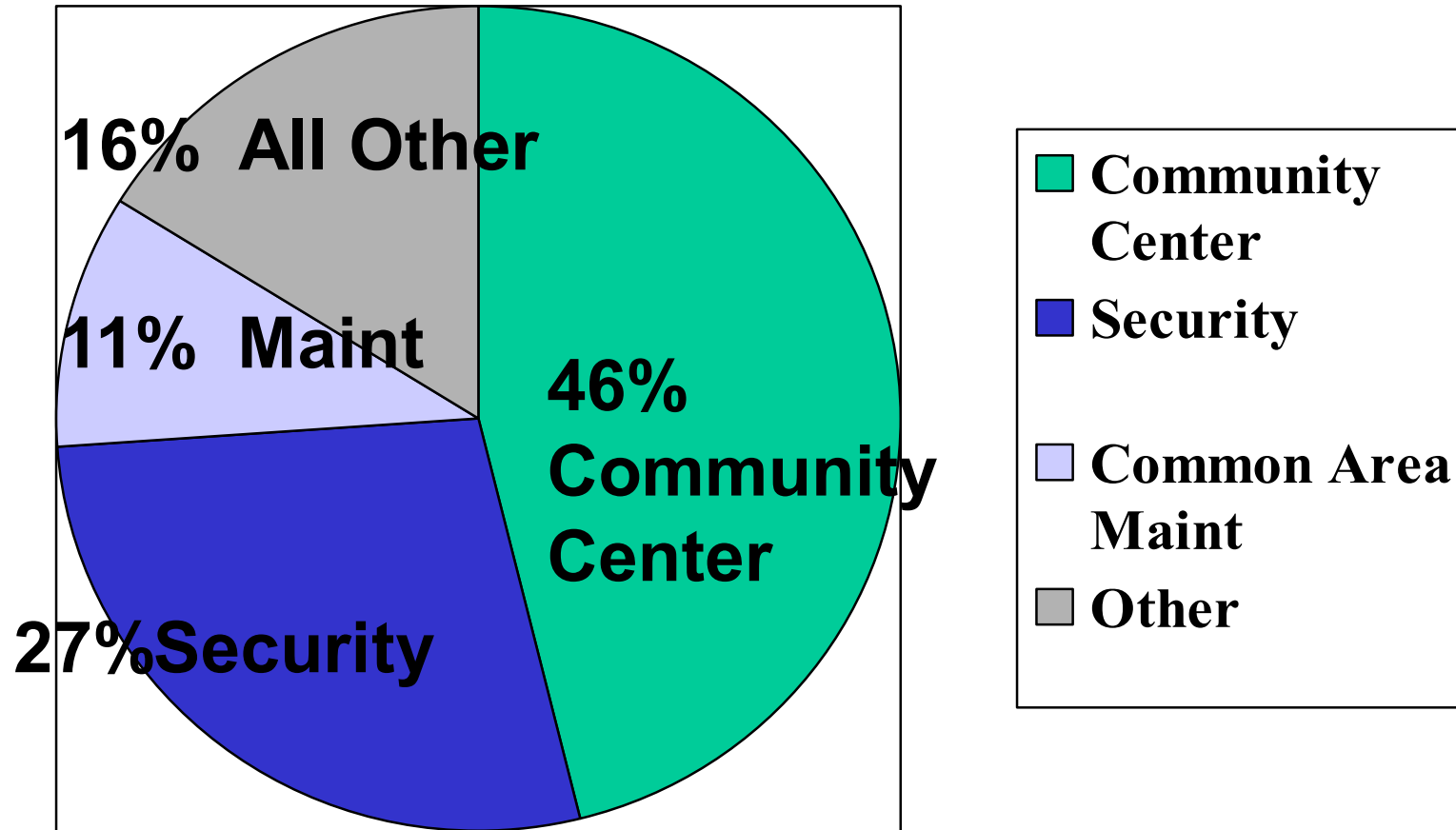
For theoretical comparison only...

| | |
|--------------------------|-------------------|
| Community center surplus | +\$33,000 |
| Maint Fund deficit | - <u>\$33,000</u> |

2012 Revenues



2012 Expenses



What is not in the 2012 Budget

- **No “major” Community Center rebuild or renovations / additions / repairs etc. (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 monuments (Chagall entrance etc.)**
- **No major new perimeter homeowner fences (Louetta fence.)**
- **No major legal spend /adverse settlement on any HOA / Homeowner lawsuit(s)**
- **No major hurricane / damages and or extra trash pick-up**
- **No additional monies for recoveries of non-profit 501 c 3 status**

HOA Assessments Overview

Assesment – No Dues Increase

- Given recent election results and overall economic climate no dues increase for 2012
- HOA has sufficient cash reserves if the homeowners should vote for renovations or major repairs of several hundred thousand dollars for community center / less material entrance monuments or improvements to Louetta fence line TBD.

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)