



**DC Ranch Community Council
Financial Highlights – Director Analysis
for period ending June 30, 2020**

Summary by Fund - YTD

	<u>Operating</u>	<u>Reserve</u>	<u>Capital</u>	<u>Total CC</u>
Revenue	\$ 2,323,491	\$ 5,619	\$ 5,302	\$ 2,334,412
Expenses	1,620,402	91,250	36,978	1,748,630
Operating Income/(Loss)	\$ 703,089	\$ (85,631)	\$ (31,676)	\$ 585,782
Depreciation	-	-	17,728	17,728
Total Income/(Loss)	\$ 703,089	\$ (85,631)	\$ (49,404)	\$ 568,054
Transfers In/(Out)	(145,200)	124,200	21,000	-
Total Surplus/(Deficit)	\$ 557,889	\$ 38,569	\$ (28,404)	\$ 568,054

Revenue

Operating revenue for June totaled \$461k, higher than budget by \$111k (32%). Year-to-date revenue is favorable to budget by \$227k (11%). Significant variances to budget include:

- Community Benefit Fees came in \$112k (80%) higher than forecast for June, resulting in a \$260k revenue surplus YTD. Of the amount received in June, \$110k was for the sale of Canyon Village commercial property.
- Covenant Commission Reimbursement for shared expenses (management fee) is \$64k higher than budget YTD. This will cumulatively be the case for the remainder of the fiscal year. When the budget was approved, the partnership between Covenant Commission and Community Council had not yet been finalized. As such, the budget does not reflect the shared expenses between organizations.
- Programming and facility rentals have been lower than budget by approximately \$43k due to the cancellation of programs and the temporary closure of the community centers and suspension of the rental program, in response to the COVID-19 pandemic. Conversely, the reduction in expenses normally incurred to run these programs have resulted in a corresponding cost savings.
- The new charitable event scheduled for this year (Desert Affair) was also cancelled resulting in a revenue loss of \$50k, but is offset by expense savings of \$49k.

Expense

Operating expenses for June came in \$21k (7%) less than anticipated, with year-to-date expense \$293k lower (14%) than budget. Notable variances include:

- Personnel costs are \$13k lower than estimated in the budget for YTD. Included in this amount is an additional \$44k in expenses for the Covenant Commission staff, which are part of the management fee. There is a savings in personnel costs of \$34k in other departments YTD - \$29k in the Community Centers partially due to a temporary reduction in staff and an open position on the accounting team.
- Management Fee expenses are over budget YTD by \$6k and will cumulatively be the case for the remainder of the year – see explanation above in the Revenue section.

- There is a cumulative savings of \$285k YTD across all departments. Due to the unique circumstances with the pandemic this year, it remains to be determined what part of the savings is due to timing (will be spent before year end) and what amount will result in a surplus for the year due to the impact of Coronavirus. Material savings amounts by department are as follows:
 - Administration - \$39k savings in Legal/Professional Fees, Public Affairs, Special Projects and Information Technology.
 - Communications/Community Engagement - \$21k savings in Collateral Printing/Postage and Community Relations.
 - Community Center Operations - \$42k savings in various supplies and services related to facility maintenance.
 - Programming – \$120k in savings due to the cancellation of events, clubs and classes.
 - Charitable Events - \$49k savings due to the cancellation of Desert Affair (new event in 2020).
 - Seasonal Decorations – \$11k savings YTD.
 - Paths & Trails - \$5k savings in supplies and projects.

Balance Sheet/Cash Flow

- Operating cash on hand is equal to 7.46 months as of 6/30/20. At the March meeting, the Board agreed to allow cash to rise above six (6) months of cash on hand due to recent events relating to COVID-19.
- In addition to cost savings, the significant increase in cash is also due to the \$340k in Payroll Protection Program Funds Community Council received from the SBA, which is currently classified as a Note Payable.
- There are \$1.3 mil in capital funds and \$1.5 mil in reserve funds. Reserves are currently 89.52% funded.
- The amount in Capital Fund–Current Projects represents the amount of funds remaining to complete Board approved projects.

Looking Forward

- Future escrow amounts *in progress* are as follows:

<u>Month</u>	<u>Currently in escrow</u>	<u>Budgeted Benefit Fees</u>
July 2020	\$194,738	\$130,433
August 2020	\$43,675	\$104,436

Community Council continues a positive financial position through June with a \$558k favorable variance to the operating budget. Community Benefit Fees and expense timing/savings are the main drivers for this number so far this year.



DC Ranch Community Council Statement of Revenue and Expense For the month and YTD ended June 30, 2020

	JUNE ACTUAL	JUNE BUDGET	BUDGET VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	2020 BUDGET
REVENUE							
Community Benefit - Transfer Fee	\$ 251,064	\$ 139,094	\$ 111,970	\$ 1,066,930	\$ 807,271	\$ 259,659	\$ 1,500,000
Residential Assessments (2,688 units)	139,802	139,750	52	838,968	838,500	468	1,677,131
Commercial/Apartment Assessments (970 Commercial units)	50,440	50,440	-	302,640	302,640	-	605,280
Charitable Events (Dinner in the Desert / Tour de Scottsdale)	-	-	-	0	50,000	(50,000)	192,000
Event/Club/Class Registrations	563	5,500	(4,937)	13,933	24,890	(10,957)	54,379
Community Center Rentals	2,005	1,600	405	10,438	21,700	(11,263)	43,200
Other (Interest, CFD from city, processing fees, misc.)	4,611	7,108	(2,497)	14,586	23,398	(8,812)	46,796
Arts/Education Program Registrations/Ticket Sales	-	3,800	(3,800)	3,517	18,705	(15,188)	26,570
Covenant Commission Expense Reimbursement	10,600	-	10,600	63,600	-	63,600	-
Advertising (website)	720	1,080	(360)	3,600	3,840	(240)	7,080
Community Garden Leases	880	880	-	5,280	5,280	-	10,560
TOTAL REVENUE	\$ 460,685	\$ 349,252	\$ 111,433	\$ 2,323,491	\$ 2,096,224	\$ 227,267	\$ 4,162,996
EXPENSE							
Administrative (office rent, phones, IT, admin staff)	\$ 99,476	\$ 105,671	\$ (6,195)	\$ 627,014	\$ 632,329	\$ (5,315)	\$ 1,250,429
Community Center Operations (utilities, upkeep, center staff)	68,338	81,254	(12,916)	425,519	495,864	(70,345)	1,006,257
Events/Clubs/Classes (instructors, supplies, rentals, catering, planning staff)	45,809	43,285	2,524	255,854	344,990	(89,136)	665,860
Communication/New Residents (website, newspaper, merchants, tours, staff)	37,591	38,630	(1,039)	243,635	266,130	(22,495)	514,900
Management Fees (reimbursement to Ranch Association)	1,275	298	977	7,650	1,788	5,862	3,576
Charitable Events (Dinner in the Desert / Tour de Scottsdale)	-	-	-	1,252	50,000	(48,748)	189,100
Seasonal Decorations (supplies, storage, labor)	-	500	(500)	9,275	20,000	(10,725)	64,500
Arts and Education Programs (instructors, supplies, rentals)	1,271	3,420	(2,149)	12,104	46,970	(34,866)	64,725
Employee Relations and Training (mileage, conferences, dues, uniforms)	3,522	4,765	(1,243)	18,537	31,540	(13,004)	61,360
Market Street Park / Paths and Trails (utilities, upkeep)	1,581	2,015	(434)	6,838	11,605	(4,767)	28,155
Insurance & Taxes	2,049	1,932	117	12,725	12,092	633	23,734
TOTAL EXPENSE	\$ 260,912	\$ 281,770	\$ (20,858)	\$ 1,620,402	\$ 1,913,308	\$ (292,906)	\$ 3,872,596
NET OPERATING INCOME/(LOSS)	\$ 199,773	\$ 67,482	\$ 132,291	\$ 703,089	\$ 182,916	\$ 520,173	\$ 290,400
TRANSFERS IN/OUT							
Reserve & Capital Fund Contributions (Transfer Out)	24,200	24,200	-	145,200	145,200	-	290,400
NET SURPLUS (DEFICIT)	\$ 175,573	\$ 43,282	\$ 132,291	\$ 557,889	\$ 37,716	\$ 520,173	\$ -

DC Ranch Community Council, Inc.
Balance Sheet Comparison Report
As Of 6/30/2020

	<u>Balance</u> <u>6/30/2020</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Change</u>
Assets			
<u>Cash</u>			
111025 - BOK Operating Cash - Council	\$2,587,917.87	\$1,338,659.93	\$1,249,257.94
119000 - Petty Cash	\$700.00	\$700.00	\$0.00
<u>Cash Total</u>	<u>\$2,588,617.87</u>	<u>\$1,339,359.93</u>	<u>\$1,249,257.94</u>
<u>Capital Fund</u>			
112100 - BOK Capital Fund - Council - Current Projects	\$96,862.72	\$68,826.52	\$28,036.20
112150 - BOK Capital Fund - Council - Savings	\$1,219,723.12	\$1,258,435.29	(\$38,712.17)
<u>Capital Fund Total</u>	<u>\$1,316,585.84</u>	<u>\$1,327,261.81</u>	<u>(\$10,675.97)</u>
<u>Reserve Fund</u>			
129420 - BOK Reserve Fund - Council	\$1,508,148.85	\$1,469,579.37	\$38,569.48
<u>Reserve Fund Total</u>	<u>\$1,508,148.85</u>	<u>\$1,469,579.37</u>	<u>\$38,569.48</u>
<u>Accounts Receivable</u>			
141200 - Accounts Receivable - Residential Assessments	\$6,481.19	\$4,942.75	\$1,538.44
141300 - Accounts Receivable - Benefit Fees	\$37,220.00	\$15,800.00	\$21,420.00
141400 - Accounts Receivable - Event Brite	\$0.00	\$874.98	(\$874.98)
142000 - Accounts Receivable - Other	\$0.00	\$6,592.92	(\$6,592.92)
144500 - Commercial Assessments Receivable	\$2,080.00	\$1,127.00	\$953.00
144900 - Allowance for Bad Debt	(\$1,354.29)	(\$1,354.29)	\$0.00
159000 - Accounts Receivable Clearing Account	\$0.00	\$0.00	\$0.00
<u>Accounts Receivable Total</u>	<u>\$44,426.90</u>	<u>\$27,983.36</u>	<u>\$16,443.54</u>
<u>Prepaid Expenses</u>			
135000 - Due From Check Front	\$0.00	\$0.00	\$0.00
151000 - Prepaid Insurance	\$13,972.20	\$8,859.38	\$5,112.82
151500 - Prepaid Expense - Programs & Events	\$12,806.63	\$6,028.02	\$6,778.61
151700 - Prepaid Expense - Charitable Events	\$4,161.89	\$0.00	\$4,161.89
151800 - Prepaid Expense - Arts & Education	\$0.00	\$1,740.00	(\$1,740.00)
152000 - Prepaid Utilities	\$0.00	\$0.00	\$0.00
153000 - Prepaid Expense - Postage	\$157.23	\$732.11	(\$574.88)
154000 - Prepaid Expenses	\$0.00	\$240.00	(\$240.00)
<u>Prepaid Expenses Total</u>	<u>\$31,097.95</u>	<u>\$17,599.51</u>	<u>\$13,498.44</u>
<u>Intercompany Receivable</u>			
131000 - Due From Covenant Commission	\$0.00	\$0.00	\$0.00
133000 - Due From DC Ranch Association	\$0.00	\$57,454.30	(\$57,454.30)
<u>Intercompany Receivable Total</u>	<u>\$0.00</u>	<u>\$57,454.30</u>	<u>(\$57,454.30)</u>
<u>Property and Equipment</u>			
171000 - Furniture & Fixtures	\$165,918.57	\$165,918.57	\$0.00
172000 - Property & Equipment	\$191,471.23	\$191,471.23	\$0.00
172500 - Leasehold Improvement - Community Garden	\$137,041.53	\$137,041.53	\$0.00

DC Ranch Community Council, Inc.
Balance Sheet Comparison Report
As Of 6/30/2020

	<u>Balance</u> <u>6/30/2020</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Change</u>
Assets			
174000 - Homestead Remodel & Capital Improvement	\$121,771.49	\$121,771.49	\$0.00
175000 - Desert Camp Remodel Capital Improvement	\$98,372.58	\$98,372.58	\$0.00
179000 - Accumulated Depreciation	(\$526,030.11)	(\$508,302.17)	(\$17,727.94)
<u>Property and Equipment Total</u>	<u>\$188,545.29</u>	<u>\$206,273.23</u>	<u>(\$17,727.94)</u>
<u>Other</u>			
162000 - Interfund Transfer - From Operating Fund	\$0.00	\$0.00	\$0.00
162050 - Interfund Transfer - To Capital Fund	\$0.00	\$0.00	\$0.00
<u>Other Total</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
 <i>Assets Total</i>	 \$5,677,422.70	 \$4,445,511.51	 \$1,231,911.19
Liabilities and Equity			
<u>Current Liabilities</u>			
210000 - Accounts Payable	\$30,789.16	\$80,060.99	(\$49,271.83)
211000 - Insurance Payable	\$0.00	\$0.00	\$0.00
212000 - Payroll / Month End Accrual	\$95,108.05	\$90,937.79	\$4,170.26
213000 - Accrued Expenses	\$0.00	\$0.00	\$0.00
216000 - Insurance Claim Payable	\$0.00	\$0.00	\$0.00
220000 - Prepaid Assessments	\$24,804.00	\$68,676.00	(\$43,872.00)
220500 - Deferred Revenue - Prepaid Event Registration	\$9,131.41	\$0.00	\$9,131.41
221500 - Deferred Revenue - Prepaid Facility Rental	\$3,275.00	\$7,620.00	(\$4,345.00)
221600 - Deferred Revenue - Deposit Facility Rental	\$600.00	\$3,805.00	(\$3,205.00)
222000 - Section 125 Liability	(\$432.07)	\$426.64	(\$858.71)
<u>Current Liabilities Total</u>	<u>\$163,275.55</u>	<u>\$251,526.42</u>	<u>(\$88,250.87)</u>
<u>Intercompany Payable</u>			
231000 - Due to Covenant Commission	\$0.00	\$9,752.68	(\$9,752.68)
233000 - Due to DC Ranch Association	\$0.00	\$0.00	\$0.00
<u>Intercompany Payable Total</u>	<u>\$0.00</u>	<u>\$9,752.68</u>	<u>(\$9,752.68)</u>
<u>Capital and Reserve Equity</u>			
311000 - Capital Equity	\$1,513,697.21	\$1,413,286.40	\$100,410.81
320100 - Reserve Equity	\$1,489,417.20	\$1,380,175.85	\$109,241.35
<u>Capital and Reserve Equity Total</u>	<u>\$3,003,114.41</u>	<u>\$2,793,462.25</u>	<u>\$209,652.16</u>
<u>Long-Term Liabilities</u>			
251000 - Note Payable - PPP Funds	\$339,600.00	\$0.00	\$339,600.00
<u>Long-Term Liabilities Total</u>	<u>\$339,600.00</u>	<u>\$0.00</u>	<u>\$339,600.00</u>
 <u>Retained Earnings</u>	 \$1,603,378.57	 \$1,272,971.41	 \$330,407.16
 <u>Net Income</u>	 \$568,054.17	 \$540,059.32	 \$27,994.85
 <i>Liabilities & Equity Total</i>	 \$5,677,422.70	 \$4,867,772.08	 \$809,650.62

DC RANCH COMMUNITY COUNCIL
STATEMENT OF CASH FLOWS
MONTH OF JUNE 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (deficit) for period	\$ 175,573
Adjustments to reconcile net income (deficit)	
Accounts receivable	16,044
Prepaid insurance	1,877
Prepaid programs and expense	5,817
Prepaid expenses	1,391
Intercompany Receivable	-
Accounts payable	1,052
Accrued payroll expenses	15,352
Deferred revenue - facility rentals	
Prepaid assessments	6,420
Prepaid event registration	(1,089)
Note payable	-
Other liabilities	(89)
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NET CASH FROM OPERATING ACTIVITIES	222,349
CASH, BEGINNING OF PERIOD	<hr/> 2,366,269
CASH, END OF PERIOD	<hr/> <u>\$ 2,588,618</u>

ADDITIONAL INFORMATION - OPERATING FUNDS REQUIREMENTS:

Per Board policy, operating funds should be between three months and six months of average budgeted annual operating expenses.

Number of months budgeted expenses in cash, end of period: **7.46**

Total 2020 operating budget expenses \$ 4,162,996

MINIMUM - Average of three months \$ 1,040,749

Amount over minimum	Amount under minimum
<u>\$ 1,547,869</u>	<u>N/A</u>

MAXIMUM - Average of six months \$ 2,081,498

Amount over maximum	Amount under maximum
<u>\$ 507,120</u>	<u>N/A</u>

DC Ranch Community Council Resale Benefit Fee Trend - June 2020

Resale Benefit Fee								
Month	2018 Actual	2019 Actual	In Process	2020 Actual	2020 Budget	Budget Variance	Change from Prior Year	
Jan	\$ 95,098	\$ 77,187		\$ 93,563	\$ 97,919	\$ (4,357)	\$ 16,376	
Feb	256,655	201,978		284,943	104,046	180,897	82,965	
Mar	325,277	240,099		215,236	165,081	50,155	(24,863)	
Apr	174,139	160,733		138,243	135,512	2,731	(22,491)	
May	321,167	134,839		83,883	165,619	(81,737)	(50,957)	
Jun	*** 243,270	217,543		251,064	139,094	111,970	33,521	
Jul	91,893	118,113	194,738		130,433	(130,433)	(118,113)	
Aug	141,858	133,747	43,675		104,436	(104,436)	(133,747)	
Sep	115,775	98,697	22,275		60,171	(60,171)	(98,697)	
Oct	195,948	137,713			131,642	(131,642)	(137,713)	
Nov	* 424,955	160,508			177,164	(177,164)	(160,508)	
Dec	** 95,424	292,800			88,883	(88,883)	(292,800)	
Annual Total	\$ 2,481,459	\$ 1,973,957	\$ 260,688	\$ 1,066,930	\$ 1,500,000	\$ (433,070)	\$ (907,027)	

* The November 2018 benefit fee amount includes a fee of \$260,000 from the sale of Desert Parks Vistas.

** The December 2019 benefit fee amount includes a fee of \$102,500 from the sale of corporate property.

*** The June 2020 benefit fee amount includes a fee of \$110,000 from the sale of corporate property.

Property Sale Breakdown				
Location	June	YTD	Average Price	YTD Average
Desert Parks Village - House	6	27	1,015,333	795,689
Desert Camp Village - House	9	37	972,717	869,607
Country Club - House	2	23	900,000	1,614,196
Silverleaf - House	5	35	2,502,530	2,677,333
Silverleaf - Land	2	11	956,800	1,432,155
Commercial	1	3	22,000,000	8,058,333
Total/Average	25	136	2,122,908	1,650,154

