

**MASTER ASSOCIATION FOR GREEN VALLEY RANCH
2012 Budget with passage of District/HOA Services Agreement**

INCOME:

Comments:

The Master Association for Green Valley Ranch was created to primarily enhance property values through covenant guidance and architectural review. The Community accomplishes this through a services agreement with the GVR Metropolitan District. The Association will consist of 4,600 homes by the end of 2011.

TOTAL 2012 PROJECTED FEES:

CLOSING FEES (Acct #03954)

Comments:

In recent years the home market has not been great in GVR, however, many homes are transferred with refinances and other mechanisms. While we can not predict the real estate conditions in 2012, we anticipate \$68,750 in closing fee income for the fiscal year.

TOTAL 2012 PROJECTED CLOSING FEE INCOME **\$ 68,750**

INTEREST INCOME (Acct #3570)

Comments:

The Association has invested its fund balance savings in money market accounts to earn a little higher interest rate vs standard savings accounts. This investment strategy has proven effective for the Association, however in recent years even money market interest rates have been dismal. To be conservative the Association will anticipate \$500 for 2012 in interest income.

TOTAL 2012 PROJECTED INTEREST INCOME **\$ 500**

NEWSLETTER ADVERTISING (Acct #580100)

Comments:

The newsletter is provided to homeowners as a means of conveying community issues and the newsletter is not intended to be profitable. Since going to a cooperative newsletter with the Metro District, we have seen a significant drop in advertising due to the electronic and decreased quantity of production (bimonthly print vs monthly). Therefore for 2012, a conservative value of \$100 is being budgeted for this revenue.

TOTAL PROJECTED 2012 NEWSLETTER ADVERTISING INCOME **\$ 100**

LEGAL REIMBURSABLE (Acct. #521310)

Comments:

In the past the Association used a legal reimbursement program to go after delinquent homeowners and their fees and fines, and past due assessments. We are now using a Risk-Sharing Fee Structure and anticipate a minimal amount of revenue.

TOTAL PROJECTED 2012 LEGAL REIMBURSEABLE INCOME \$ -

RULE VIOLATION FINES (Acct. #3953)

Comments:

Moving forward with the Metro District providing the covenant enforcement services, we anticipate continuing an aggressive enforcement mentality of the rules and regulations. The anticipated revenue of violation fines is budgeted at \$80,000.

TOTAL PROJECTED 2012 RULE VIOLATION FINE INCOME \$ 80,000

SPECIAL EVENTS (Acct. #3790)

TOTAL PROJECTED 2012 SPECIAL EVENTS INCOME \$ 500

LIEN FEES INCOME

Comments:

We anticipate lien income to be \$35,000.00 based upon homeowners who will be liened for rule violations in 2012

TOTAL PROJECTED 2012 LIEN FEE INCOME \$ 35,000

TOTAL 2012 PROJECTED INCOME \$ 184,850

EXPENSES:

SIGNS – COMMUNITY EVENTS: (Acct. #6440)

Comments:

This category covers temporary signage for the many community activities and functions held by the Association and to change dates for community signs.

TOTAL 2012 PROJECTED SIGNS – COMMUNITY EVENTS EXPENSE \$ 250

OFFICE SUPPLIES: (Acct. # 6460)

Comments:

This line item will be incorporated into the Metro District's 9C Budget which correlates with the HOA Management Fee.

TOTAL 2012 PROJECTED OFFICE SUPPLIES EXPENSE \$ -

LIEN FEE COSTS: (Acct. # 7516)

Comments:

This will be costs associated with filing liens with the City and County of Denver

TOTAL 2012 PROJECTED LIEN FEE EXPENSE \$ 7,700

BAD DEBT EXPENSE: (Acct. # 741020)

Comments:

This will be estimated write-offs

TOTAL 2012 PROJECTED BAD DEBT EXPENSE \$ 24,480

MANAGEMENT FEE: (Acct. #7510)

Comments:

In November 2007 the community voted on ballot measure 5A. The passing of this Metro District Tax measure allows for the District to collect tax dollars to support supplying the community the HOA operations. Therefore there is no direct management fee, however this is replaced with an offset that is built into the contractual relationship to allow for a portion of the fees and fines collected for the HOA to offset expenses incurred by the District in providing the services each year. For 2012 this value was budgeted at \$84,900.

TOTAL 2012 PROJECTED MANAGEMENT FEE EXPENSE \$ 84,900

LEGAL: (Acct. #7520)

Comments:

This is an expense category established to track general legal assistance (not delinquency collection).

TOTAL 2012 PROJECTED LEGAL EXPENSE \$ 5,000

AUDIT: (Acct. #7521)

Comments:

This category tracks audit/CPA costs. According to good fiduciary practices, an audit of the financial records should be completed on an annual basis.

TOTAL 2012 PROJECTED AUDIT EXPENSE \$ 2,500

INCOME TAXES: (Acct. #7522)

Comments:

This tracks federal and state income taxes for the Association. The Association is a non-profit corporation and is taxed on the interest income it earns. To be conservative, we are budgeting \$100 to cover possible taxes paid in the 2012 operating year.

TOTAL 2012 PROJECTED TAXES EXPENSE \$ 100

INSURANCE: (Acct. #7530)

Comments:

The Association has an excellent insurance policy that provides the following coverages:

Coverage	Limits	Annual Premium
General Liability	\$2,000,000	
Directors and Officers	\$1,000,000/claim \$2,000,000 aggregate	
Hired/Non-owned Auto	Bodily injury	
Crime/Fidelity	\$500,000	
Total Premiums		

Based upon the above, we anticipate annual insurance premiums in 2012 to total \$12,000.

TOTAL 2012 PROJECTED INSURANCE EXPENSE \$ 12,000

CONTRACTUAL OBLIGATIONS FROM PREVIOUS OFFICE SPACE

TOTAL 2012 PROJECTED CONTRACTUAL OBLIGATIONS \$ 12,420

HOMEOWNER MAILING (Acct. #7538)

Comments:

This line item will be incorporated into the Metro District's 9C Budget which correlates with the HOA Management Fee.

TOTAL PROJECTED 2012 HOMEOWNER MAILING EXPENSE \$ -

POSTAGE: (Acct. #7540)

Comments:

This category is reduced greatly as this is another expense mainly covered by the District within the category of the services agreement. A relatively small amount is budgeted for any items required to be sent out that are not covered under the services agreement or are sent out by the HOA Board.

TOTAL 2012 PROJECTED POSTAGE EXPENSE \$ 100

RULES AND SITE RESTRICTIONS

Comments:

Printing/ mailing of Greenbook

TOTAL 2012 PROJECTED RULES AND SITE RESTRICTIONS EXPENSE \$ 1,000

MISCELLANEOUS: (Acct. #09800)

Comments:

This category covers unanticipated and unbudgeted contingency expenses.

TOTAL 2012 PROJECTED MISCELLANEOUS EXPENSE \$ 200

REIMBURSABLE LEGAL: (Acct. #7580)

Comments:

In the past the Association used a legal reimbursement program to go after delinquent homeowners and their fees and fines, and past due assessments. We are now using a Risk-Sharing Fee Structure and anticipate a minimal amount of expense.

TOTAL 2012 PROJECTED REIMBURSABLE LEGAL EXPENSE \$ -

COLLECTION EXPENSE ACCOUNT: (Acct. #7517)

Comments:

This category covers costs associated with delinquency collection and covenant enforcement. The Association continually evaluates the process to ensure it is the most effective way to collect assessments and resolved ongoing covenant violations.

TOTAL 2012 PROJECTED COLLECTION EXPENSE \$ 21,000

BANK CHARGE EXPENSE: (Acct. #6500)

Comments:

This category covers credit card fee charges and monthly bank fees.

TOTAL 2012 PROJECTED BANK CHARGE EXPENSES \$ 1,200

DETENTION POND EXPENSE ACCOUNT: (Acct. #7527)

Comments:

This category covers costs associated with the annual maintenance associated with the detention pond as long as the association is responsible for it.

TOTAL 2012 PROJECTED DETENTION POND EXPENSE \$ 10,000

COMMUNITY EVENTS EXPENSE: (Acct. #7650)

Comments:

This category covers the wonderful events and activities that make Green Valley Ranch such a desirable place to live.

TOTAL 2012 PROJECTED COMMUNITY EVENTS EXPENSES \$ 2,000

TOTAL 2012 PROJECTED OPERATING EXPENSES \$ 184,850

TOTAL 2012 PROJECTED SURPLUS (DEFICIT) \$ -

TOTAL DEFICIT TO BE PAID OUT OF HOA FUND BALANCE \$ -

NET BALANCE TO BUDGET \$ -