



Nature Pointe Financial Summary 2010 through 2013

Bryan Burns

Treasurer

Nature Pointe Board of Directors





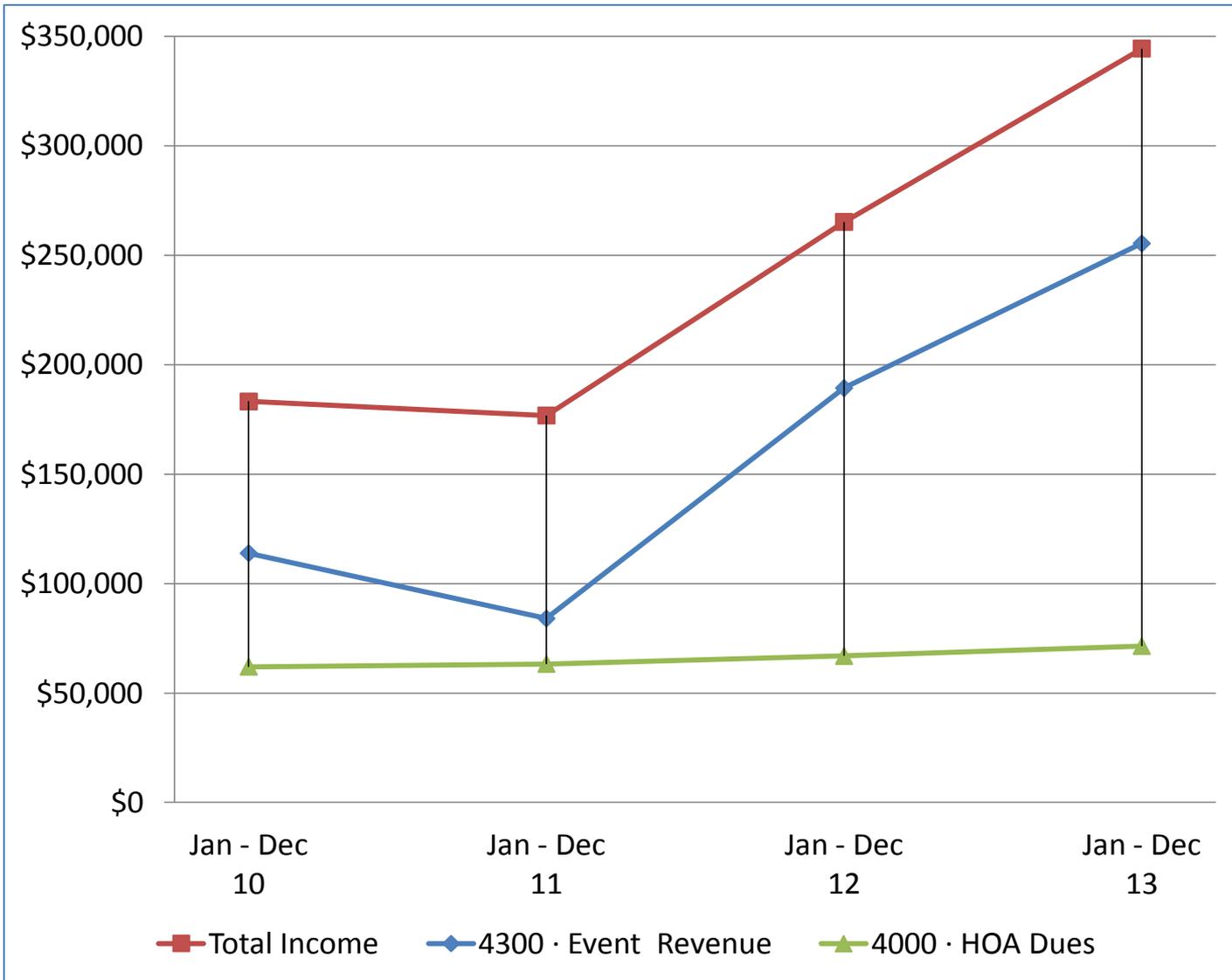
Income and Expense for 4 Years

| | Jan - Dec 10 | Jan - Dec 11 | Jan - Dec 12 | Jan - Dec 13 |
|--------------------------------------|-------------------|--------------------|-------------------|-------------------|
| Income | | | | |
| 4000 · HOA Dues | 61,983.74 | 63,270.00 | 66,888.75 | 71,430.00 |
| 4050 · Developer Contribution | | 20,000.00 | | |
| 4150 · Late fees from dues | 1,200.00 | 2,282.50 | 2,525.00 | 2,750.00 |
| 4175 · Remote Controls - Gate Access | 150.00 | 75.00 | 125.00 | 250.00 |
| 4300 · Event Revenue | 113,869.88 | 84,032.35 | 189,282.12 | 255,340.99 |
| 4400 · Plan Review charges | 600.00 | 900.00 | 300.00 | 600.00 |
| 4500 · Apartment Rent Income | 5,232.00 | 6,020.00 | 5,840.00 | 13,517.74 |
| 4600 · Bad Debts | | (75.00) | | |
| 4700 · Interest Income | 23.70 | 8.58 | 48.67 | 41.59 |
| 4800 · HOA Fund Raising Events | 100.00 | 67.32 | 0.00 | 142.00 |
| 4900 · Miscellaneous Income | | 184.10 | 149.03 | 293.10 |
| 4990 · Uncategorized Income | | | 40.00 | |
| Total Income | 183,159.32 | 176,764.85 | 265,198.57 | 344,365.42 |
| Gross Profit | 183,159.32 | 176,764.85 | 265,198.57 | 344,365.42 |
| Expense | | | | |
| 6000 · Staffing Expenses | 34,460.91 | 70,834.00 | 75,689.25 | 74,031.65 |
| 6050 · Event Contract Labor | | 20,941.65 | 29,822.66 | 47,322.32 |
| 6100 · Contract Services | 11,646.69 | 6,108.03 | 2,150.29 | 9,737.96 |
| 6200 · Building/Grounds Expenses | 62,778.00 | 88,369.28 | 80,441.31 | 97,481.77 |
| 6300 · Office Expenses | 1,318.35 | 2,947.76 | 2,396.67 | 3,419.88 |
| 6400 · General Business Expenses | 6,280.50 | 29,437.10 | 21,759.67 | 36,927.13 |
| 6500 · HOA Event Expenses | 332.71 | 812.84 | 6,258.91 | 6,180.98 |
| 6600 · OSUG Event Expenses | 5,150.50 | 12,286.07 | 11,480.49 | 16,588.62 |
| 66900 · Reconciliation Discrepancies | | | 1.02 | 0.05 |
| Total Expense | 121,967.66 | 231,736.73 | 230,000.27 | 291,690.36 |
| Net Income | 61,191.66 | (54,971.88) | 35,198.30 | 52,675.06 |
| 2 Reserve Account Transfers | | 30,500.00 | 25,000.00 | 25,000.00 |



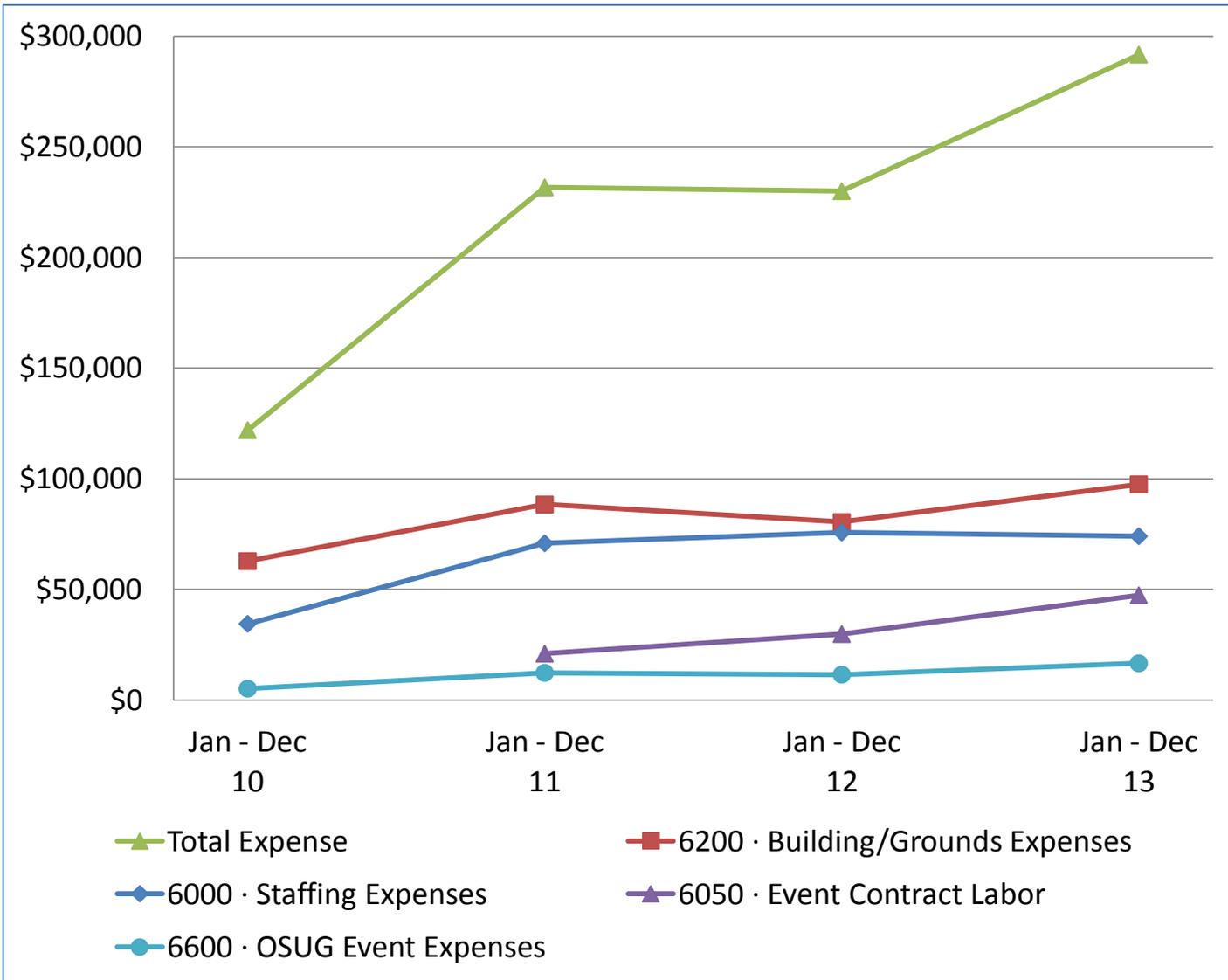


Income By Year



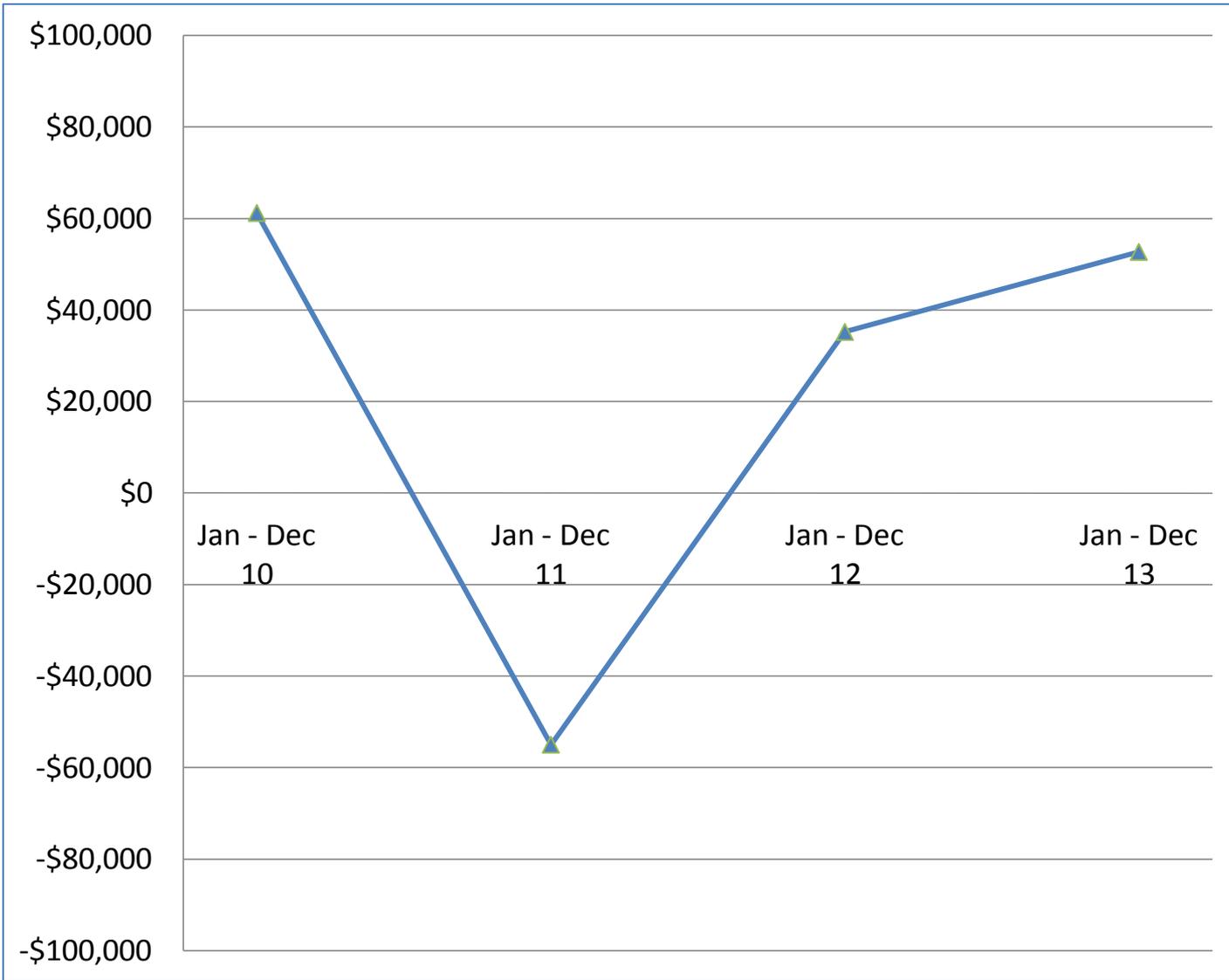


Expense By Year



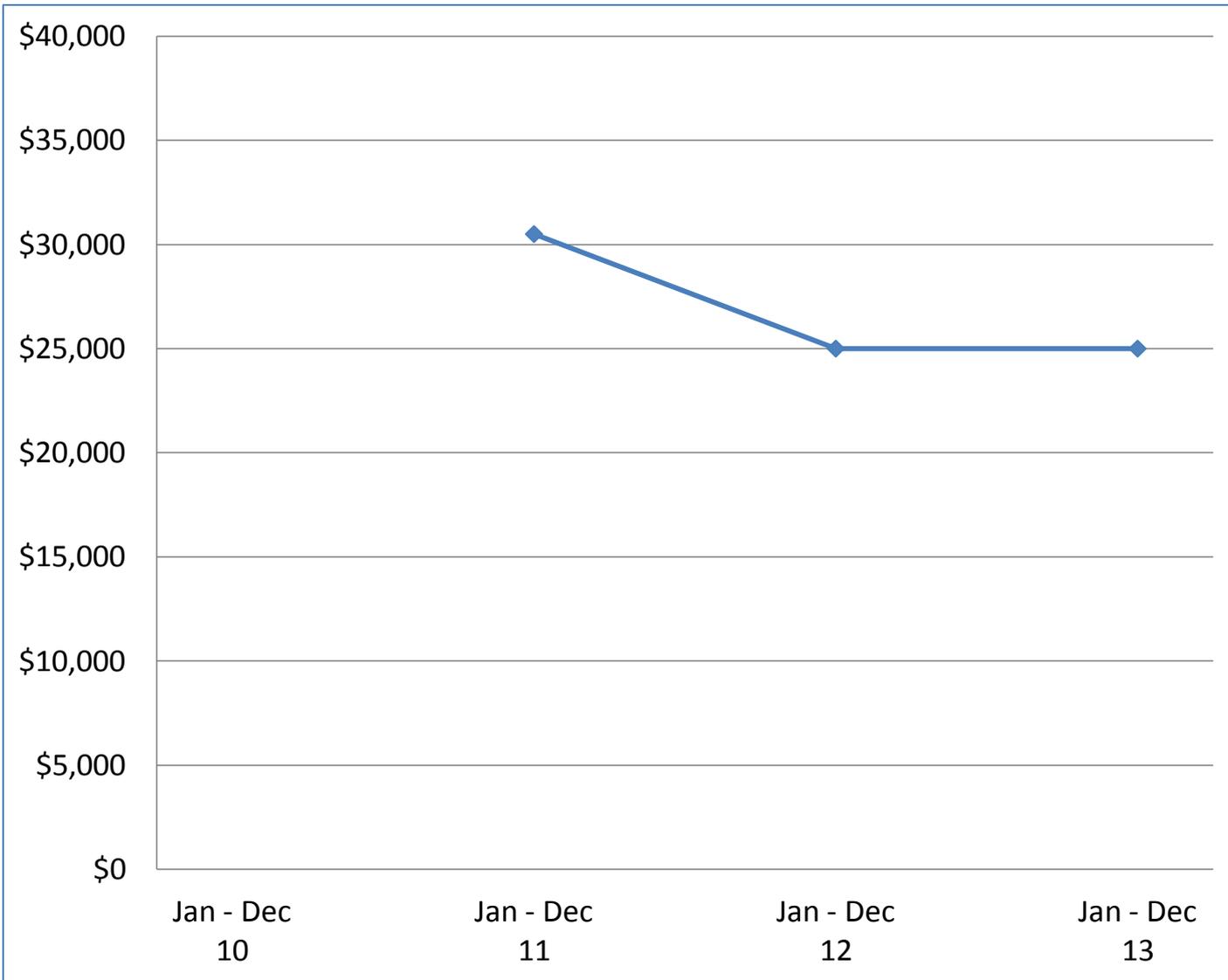


Net Income



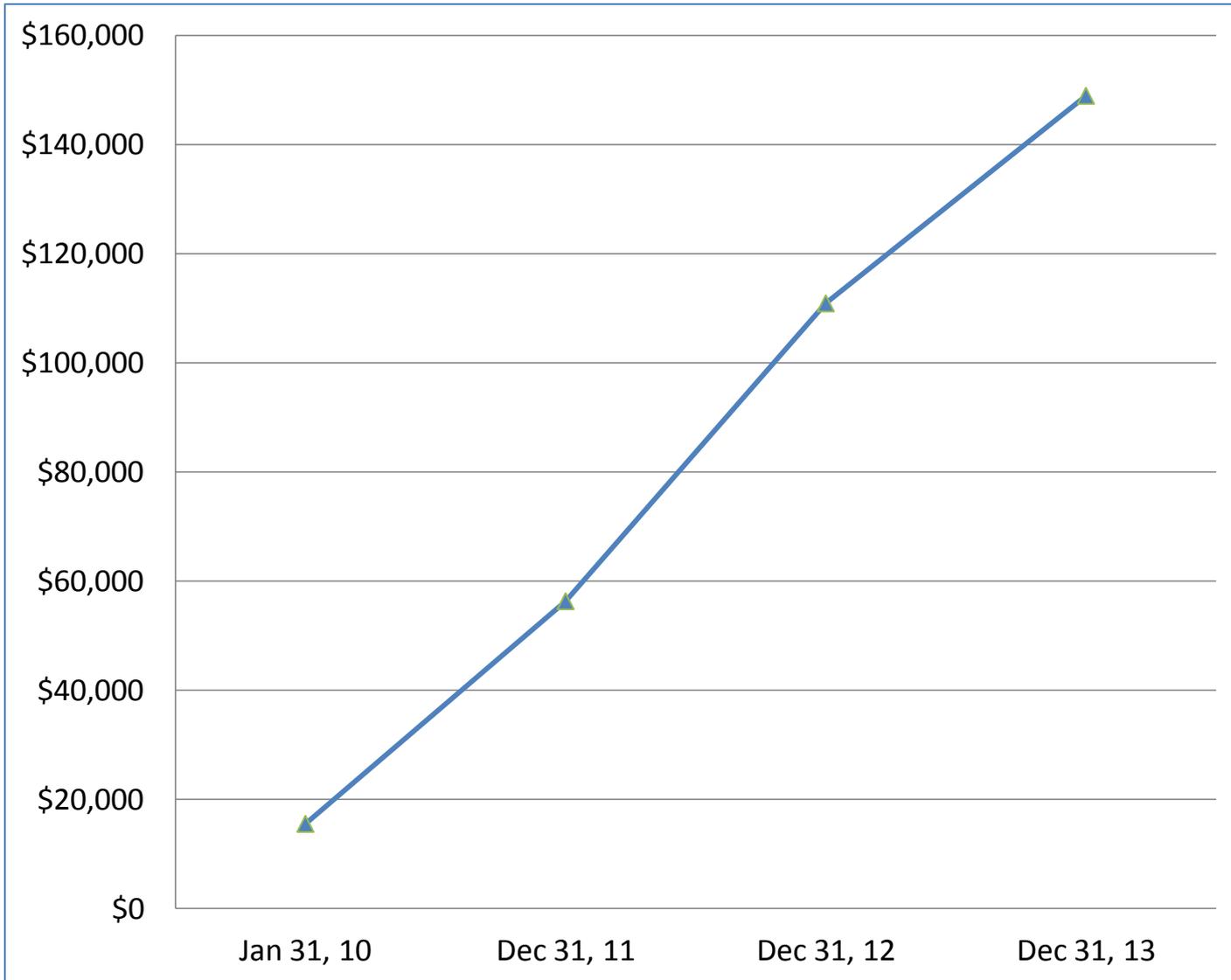


Reserve Account Transfers





Checking and Savings



Cash in the bank





Wedding Income/Expense





Cost/Benefit Analysis - 2013

| | |
|--|---------------|
| Number of weddings | 47 |
| Total income | \$ 228,326.42 |
| Average Price Per Wedding | \$ 4,858.01 |
| 6060 · Event Planner Contractor | \$ 23,492.86 |
| 6070 · Event Contractors | \$ 23,829.46 |
| 6410 · Advertising /Marketing Expenses | \$ 9,015.09 |
| 6600 · OSUG Event Expenses | \$ 16,588.62 |
| Total Expenses | \$ 72,926.03 |
| Net Profit on Weddings in 2013 | \$ 155,400.39 |
| Profit per wedding | \$ 3,306.39 |





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**Return on Investment
213 %**





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**Return on Investment
213 %**

$\$155,400.39 / 58 = \$2,679.32$ benefit per current lot owner

This is equivalent to **\$223** per lot per month





Projected Weddings in 2014



| | |
|-------------------------|---------------|
| Weddings | 49 |
| Average price in 2014 | \$ 5,804.00 |
| Total Income | \$ 284,396.00 |
| Projected Total Expense | \$ 77,580.88 |
| Net income | \$ 206,815.12 |
| Profit per wedding | \$ 4,220.72 |





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**Return on Investment
266 %**





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**Return on Investment
266 %**

$\$206,815.12 / 58 = \$3,565.79$ benefit per current lot owner

This is equivalent to **\$297** per lot per month





Future Cost Considerations

A brief attempt to help us understand future costs at Nature Pointe – Hopefully within $\pm 10\%$





Future Cost Projections



- United States Department of Agriculture study by Whitestone Research Corporation of 2,793 buildings totaling 13 million square feet with a total value of over \$3 billion.
- Conducted in 2007 and Published in August 2007
- Building types included offices, service buildings, warehouses, laboratories, dormitories, barracks and other types of buildings.
- They brought in experts in mechanical, electrical, and architectural fields.
- Three types of estimated costs were produced
 - Operation (Energy, Water, Management, Custodial, Refuse, pest control, grounds, security, telecommunication)
 - Sustainment (preventive maintenance, unscheduled Maintenance, Major repair and replacement)
 - Recapitalization (replacement due to obsolescence, change in use modifications, or modernization)
- All of these estimates are based on the Plant Replacement Value (PRV)
- We have hard data on operation; however, we definitely need help in the other two areas – Sustainment and Recapitalization.





Information From the Study

| Cost Type | Value |
|------------------|--------------------------------|
| Operating | \$6.41/ft ² /year |
| Sustainment | \$5.22/ft ² /year |
| Recapitalization | \$2.85/ft ² /year |
| Total | \$14.48/ft ² / year |





From

Income and Expense for 4 Years

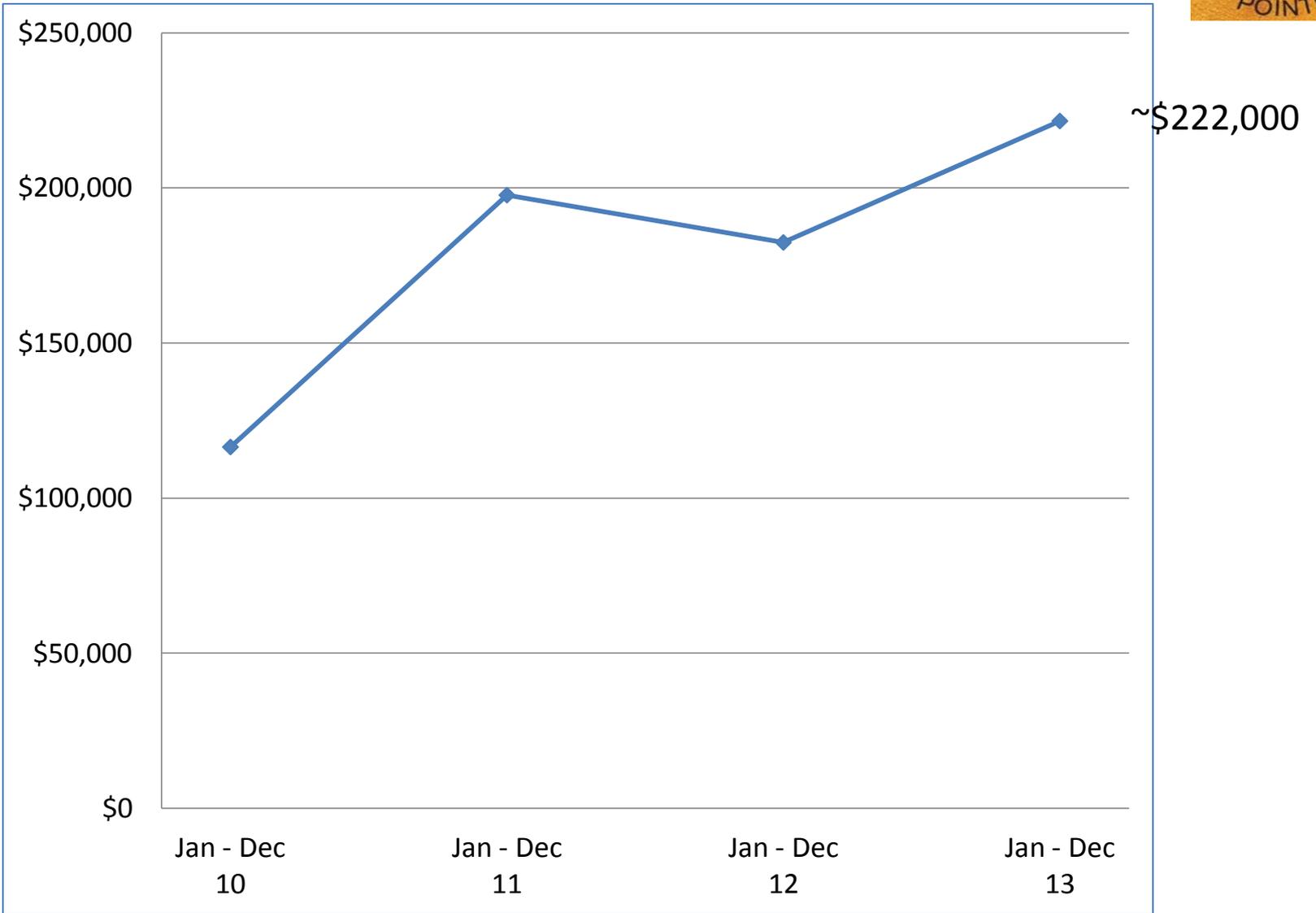
Operating Cost

| | | | | | |
|--|--------------------------------------|-------------------|--------------------|-------------------|-------------------|
| | Expense | | | | |
| | 6000 · Staffing Expenses | 34,460.91 | 70,834.00 | 75,689.25 | 74,031.65 |
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| | Net Income | 61,191.66 | (54,971.88) | 35,198.30 | 52,675.06 |
| | Reserve Account Transfers | | 30,500.00 | 25,000.00 | 25,000.00 |





Operating Cost By Year





Our Current Information and the Study

| Cost Type | Value | Source |
|------------------|--------------------------------|-------------|
| Operating | \$11.10/ft ² /year | 2013 value |
| Sustainment | \$5.22/ft ² /year | USDA Study |
| Recapitalization | \$2.85/ft ² /year | USDA Study |
| Total | \$19.17/ft ² / year | Combination |

- This produces an estimated cost for the building of approximately **\$383,400/year**.
- Without Recapitalization **\$326,400/year**.
- This does not include roads or other common areas of Nature Pointe





Roads and Other Common Areas



- Re-paving roads
 - 1-inch asphalt resurfacing
 - Life expectancy is about 15 years but could be longer
 - ~351,000 ft² @ \$0.70/ft² = \$245,700
 - Averaged over 15 years produces about **\$16,380 per year**
- Putting a seal coat on the roads
 - Needed after about 7 to 8 years
 - About \$0.15/ft². Total cost is about \$52,650 or about **\$7,500 per year.**
- Putting a seal coat on the parking lot and re-stripping
 - Needed every 7 or 8 years
 - Recent estimate was about \$5,000 or about **\$714 per year**
- Tennis Court
 - Maintenance recently was about \$7,000 after 5 or 6 years.
 - Estimated cost is about **\$1,200 per year.**
- All other common areas – estimate about **\$2,000 per year**





Estimated Cost

| Cost Area | Total Cost | Without Recapitalization |
|--------------|------------------|--------------------------|
| Building | \$383,400 | \$326,400 |
| Roads | \$24,594 | \$24,594 |
| Common Areas | \$3,200 | \$3,200 |
| Total | \$411,194 | \$354,194 |

Uses 20,000 ft² for area of buildings

There are probably other expenses not specifically included but this represents the big ones





Revenue Sources and Shortfall Including Operating, Sustainment, Recapitalization



- Required total income is approximately \$411,194
- We had primarily two sources of revenue in 2013
 - HOA income 2013 – \$89,025
 - Net Event revenue 2014 – \$206,780
 - Net total revenue – **\$295,805**
- We are currently about **\$115,389 short** on net income





Revenue Sources and Shortfall Including Operating, Sustainment



- Recapitalization is the cost of replacement due to obsolescence, change in use modifications, or modernization.
- It is debatable whether we should include recapitalization in our cost estimates.
- Required total income is approximately \$354,194
- We had primarily two sources of revenue in 2013
 - HOA income 2013 – \$89,025
 - Net Event revenue 2014 – \$206,780
 - Net total revenue – **\$295,805**
- We are currently about **\$58,389 short** on net income under these assumptions





Comments



- Projected net revenue for 2014 is **\$295,805**
- We are currently somewhere between **\$58,000** and **\$115,000** short on income.





Comments



- Projected net revenue for 2014 is **\$295,805**
- We are currently somewhere between **\$58,000** and **\$115,000** short on income.
- This is between **19.6%** and **38.9%** more than current revenue predictions for 2014.





Comments



- Projected net revenue for 2014 is **\$295,805**
- We are currently somewhere between **\$58,000** and **\$115,000** short on income.
- This is between **19.6%** and **38.9%** more than current revenue predictions for 2014
- Events at the Clubhouse are a great way to create revenue in order to reach this requirement.
- Increased dues are a certainty.
- If you assign the full balance needed to lot owners, this increase is between **\$1000** to **\$2000** per year of increased expense for 58 lots. As more lots are sold, this amount likely goes down.





Summary and Conclusions



- Our income trend is very positive.
- Our money-in-the bank trend is very positive
- Weddings produce a high cost/benefit ratio.
 - Return on investment **213%** in 2013
 - Projected return on investment **266%** in 2014
- Other event types will not likely produce as great a rate of return on investment.
- We need more income in order to sustain Nature Pointe in the manner in which we know it today.
Sources include:
 - Dues and fees paid by HOA members
 - Events (Weddings)
 - Other sources of income

