



Lake Arrowhead Property Owners Association

Annual Meeting 2009

Building Community Spirit



Lake Arrowhead Property Owners Association

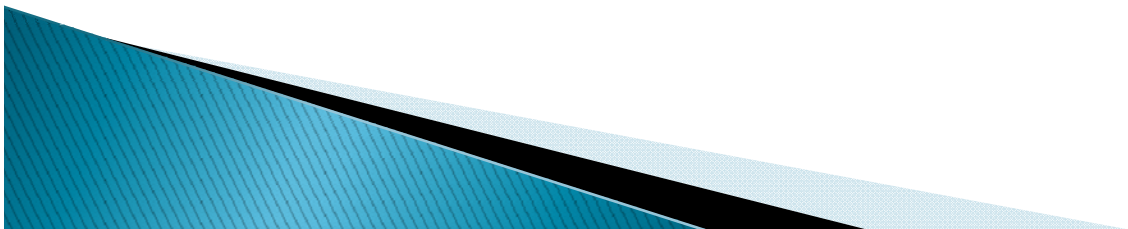
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Operational Review



Operations

- Security Lee New
- Property Management Dotty Bonds
- Golf and Club Operations Mark Williams
- Overview Jim Haslam





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Lake Arrowhead Communities
Progress Report



LAC Letter Summary

Amenities:

1. The Highlands Course
2. The Sports Park
3. The Beach at Clearwater Park and Playgrounds
4. The Highlands Clubhouse
5. The Boat House

Sales Activity:

1. The Ridge: 3 remaining sites
2. The Peninsula: 10 reservations for 14 sites



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LAPOA Financial Report and Committee Reports



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LAPOA Committee Reports

- Golf and Greens: Dale
- Architectural: Bob
- Newspaper: Bob
- Security: Bob
- Roads: Jim
- Website: Larry
- Social: Ed



Road Paving Status

Roads Paved in 2009:

1. Red Cedar Court
2. Washington Oak Court
3. Sycamore Court
4. Iron Bull Court

Budgeted Paving in 2010:

1. Bison
2. Lake Arrowhead Extension at Sauder Hill
3. White Eagle Drive (portion)
4. Wild Court
5. Acorn Court
6. Delaney Pine Drive

Currently Prioritized* Paving for 2011:

1. Blue Fox Loop
2. Holly Court
3. Jack Rabbit Drive
4. Myrtle Court
5. Tulip Tree Court

* Priority paving is listed in alphabetical order, not order of anticipated repair



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LAPOA Committee Reports

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LAPOA 2009 Financial Results

	<u>Revenue</u>	<u>Expense</u>	<u>Net Income</u>
Fund Raisers			
Ornaments	\$3,260.00	\$1,442.80	\$1,817.20
Calendars	1,946.00	500.72	1,445.28
Events	784.40	822.21	(37.81)
Other Income	271.66		271.66
Board Meetings		275.00	(275.00)
Communication		187.10	(187.10)
Adminstrative		188.52	(188.52)
Bank Fees		105.00	(105.00)
Legal and Taxes		120.00	(120.00)
Net Income / (Loss)	\$6,262.06	\$3,641.35	\$2,620.71
Adjusted Checkbook Balance			\$6,217.26



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2009 LAYCC Financial Results



LAYCC Financial Results

October 31, 2009

	<u>October 2009</u>			<u>2009 YTD</u>		
	<u>October</u>	<u>Budget</u>	<u>Variance</u>	<u>YTD</u>	<u>Budget</u>	<u>Variance</u>
Total Revenues	277,746	344,459	(66,712)	2,668,116	3,140,605	(472,489)
Total Operating Expenses	<u>234,062</u>	<u>303,588</u>	<u>(69,526)</u>	<u>2,482,964</u>	<u>3,008,937</u>	<u>(525,974)</u>
Net Operating Income	43,685	40,871	2,814	185,153	131,668	53,485
<u>Golf</u>						
Rounds	1,671	2,150	(479)	13,809	18,090	(4,281)
Revenue	58,823	92,261	(33,438)	539,926	780,770	(240,844)
Expenses	<u>54,830</u>	<u>68,129</u>	<u>(13,299)</u>	<u>709,467</u>	<u>864,401</u>	<u>(154,933)</u>
Net Operating Income	3,992	24,132	(20,140)	(169,541)	(83,631)	(85,911)

Notes:

1. Golf Revenues include: Initiation Fees, Golf Member Dues, Greens Fees, Cart Fees, Driving Range Fees, Golf Shop Sales and Club Services
2. Golf Expenses include: Golf Shop COGS, Golf Operations, Golf Course Maintenance, and Golf Cart and Maintenance Equipment Leases



Golf and Greens Committee

	Actual	Actual	Projected	Budget
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Rounds	13,101	8,497	17,300	18,580
Revenue	375,559	275,245	599,976	721,879
Expenses	<u>642,482</u>	<u>831,100</u>	<u>813,569</u>	<u>868,020</u>
Net Income / (Loss)	(\$266,923)	(\$555,855)	(\$213,593)	(\$146,141)
Weather Days (Good)	240	269	214	NA
P&L Per Round	(\$20.37)	(\$65.42)	(\$12.35)	(\$7.87)

Notes:

1. Rounds includes all "starts," including Member rounds, Daily-Fee rounds, Employee rounds, Complimentary rounds, 9-hole rounds, and Tournament rounds
2. Revenue includes Initiation Fees, Membership dues, Greens Fees, Cart Fees, Golf Shop Sales, Driving Range, and Club Services
3. Expenses includes Golf Shop Cost of Goods Sold, Golf Operations, Golf Course Maintenance, Golf Cart lease expense, Golf Course Maintenance Equipment lease expense



LAYCC Financial Results 2009 Results (Projected)

	Projected <u>2009</u>	Budget <u>2009</u>	Variance <u>2009</u>	Actual <u>2008</u>
<i>Revenues</i>				
Property Maintenance Fees	2,116,904	2,252,310	(135,406)	2,175,148
Golf and Membership	599,976	896,704	(296,728)	275,245
Food and Beverage	243,579	399,450	(155,871)	9,540
Lake, Marina and Recreational	162,840	153,350	9,490	127,210
POA and Administrative	<u>47,868</u>	<u>63,600</u>	<u>(15,732)</u>	<u>101,909</u>
Total Revenues	3,171,166	3,765,414	(594,248)	2,689,053
<i>Expenses</i>				
General and Administrative	743,048	971,454	(228,406)	797,085
Clubhouse	199,607	275,634	(76,028)	196,122
Golf Operations and Marketing	322,036	432,472	(110,436)	298,236
Food and Beverage	285,296	401,903	(116,607)	6,063
Golf Course Maintenance	585,850	646,035	(60,185)	612,229
Amenities	86,301	96,406	(10,105)	128,948
Security	388,688	404,744	(16,056)	438,385
POA and Property Maintenance	<u>316,086</u>	<u>303,086</u>	<u>13,000</u>	<u>332,279</u>
Total Expenses	2,926,912	3,531,735	(604,822)	2,809,347
Net Operating Profit / (Loss)	<u>\$244,254</u>	<u>\$233,679</u>	<u>\$10,574</u>	<u>(\$120,294)</u>



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2010 Budget Process



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2010 Budget Process

- A preliminary budget was prepared by HMS Golf and presented to the Board in October
- The Board was asked to offer their suggestions
- The Board met on two occasions to discuss possible changes focusing on upgrading amenities and profitability of revenue producing amenities
- HMS Golf, LAC and LAPOA Board met in mid-November to refine the budget
- HMS Golf presented the final budget on December 3 and the Board accepted the budget as modified



2010 LAYCC Budget

Summary Income Statement

Revenues

Property Maintenance Fees	2,151,190
Golf and Membership	721,879
Food and Beverage	415,200
Lake, Marina and Recreational	156,225
POA and Administrative	40,600
Total Revenues	3,485,094

Expenses

General and Administrative	809,489
Clubhouse	184,848
Golf Operations and Marketing	353,431
Food and Beverage	438,752
Golf Course Maintenance	623,255
Amenities	102,331
Safety	407,743
POA and Property Maintenance	514,928
Total Expenses	3,434,777

Net Operating Profit / (Loss)	\$50,317
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Budget
2010

Budget Highlights

- 1. Three monthly periods that include three pay periods. Result is approximate \$45,000 increase in annual payroll expenses.**
- 2. Amenities includes a significant change in the level of staffing in the Swim operations**
 - 1. Staffed lifeguard during all operating hours**
 - 2. Both pools open on a rotating schedule**
 - 3. Staffed attendant during all operating hours**
- 3. POA and Property Maintenance includes a significant budgeted increase for road paving**



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2008 LAYCC Audit Results



Selection of Auditors

- Established Audit Advisory Committee
- Established Audit Objectives
- Request for Proposals to 12 Pre-screened Firms
- Mauldin and Jenkins Selected



Audit Process

- Generally Accepted Accounting Principles (GAAP)
- Review of Internal Control Procedures
- Development versus Maintenance Costs
- Capitalized Leases (GAAP)



Preliminary Audit Results

- Preliminary Closing Conference
- Internal Control Procedures Recommended
- No Major Discrepancies Noted
- No Major Accounting Adjustments Recommended



Audit: What is Next?

- Management will respond to the draft
- A final report will be issued by Mauldin & Jenkins
- A follow up meeting will be held January 9 at 9:00 am at the Highlands Clubhouse
- A copy of the report will be made available to the Property Owners



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Questions and Answers