



April 21, 2020

To: Columbia Association Board of Directors

Cc: Susan Krabbe, Vice President/Chief Financial Officer
Kristin Russell, Director of Planning and Community Affairs
Jackie Tuma, Director of Internal Audit

From: Milton W. Matthews, President/CEO

Re: FY21 Amendments to the Management Contract

The proposed modifications to CA's FY21 operating and capital budgets reflect widespread reductions in revenue and expenditures, including the annual charge share to the villages. In order for each community association to plan for lost and reduced revenue and lower expenditures, staff recommends two amendments to the current management contract:

- 1) Waive the FY20 excess cash reserves requirement (this calculation is based on FY20 financial results; any cash that exceeds the cap is normally paid in FY21).
- 2) Increase the threshold for village-funded repairs and maintenance from \$1,000 to \$2,000. This reduction of CA's spending on the community buildings would be consistent with a reduction for all of its other facilities. Since repairs and maintenance CA-wide will be re-prioritized, this will also enable the villages to perform maintenance more promptly on items they would like to complete.

While it does not reflect the impact of COVID-19, attached is a summary of the villages' financial statements as of FY20 third quarter for your reference.

Community Associations - FY20 Third Quarter Year-to-Date Report

Key Financial Data

May 1, 2019 - January 31, 2020

	Dorsey's Search	Harper's Choice	Hickory Ridge	Kings Contrivance	Long Reach	Oakland Mills	Owen Brown	River Hill	Town Center	Wilde Lake	TOTAL
STATEMENT OF FINANCIAL POSITION:											
Cash	\$ 167,672	379,245	254,299	220,317	548,511	323,587	241,326	306,484	321,435	344,133	\$ 3,107,008
Fixed Assets, Net of Accum. Depr.	\$ 30,570	31,292	24,134	13,161	108,209	11,854	8,314	24,279	18,525	25,544	\$ 295,883
Other Assets (a)	\$ 8,361	-	5,296	412	1,960	887	-	5,320	5,143	892	\$ 28,271
Total Assets	\$ 206,603	410,536	283,730	233,890	658,680	336,327	249,640	336,084	345,103	370,568	\$ 3,431,162
Deferred Income - CA Grant	\$ 72,770	97,111	73,392	75,126	117,062	96,524	80,551	72,050	81,220	91,658	\$ 857,464
Other Liabilities (b)	\$ 48,108	115,818	28,929	28,706	61,219	63,200	27,141	89,221	136,854	66,563	\$ 665,758
Total Liabilities	\$ 120,878	212,929	102,321	103,832	178,282	159,723	107,692	161,271	218,074	158,221	\$ 1,523,222
Net Assets	\$ 85,725	197,608	181,408	130,059	480,398	176,604	141,949	174,812	127,030	212,347	\$ 1,907,940
STATEMENT OF ACTIVITIES:											
CA Grant, net of excess cash reserves	\$ 228,430	301,454	230,297	235,499	361,308	299,693	251,774	226,156	253,781	285,096	\$ 2,673,488
Other Income (c)	\$ 77,124	323,835	131,972	119,128	449,327	171,477	83,808	221,608	242,464	226,656	\$ 2,047,400
Total Income	\$ 305,554	625,289	362,269	354,627	810,635	471,170	335,582	447,765	496,245	511,752	\$ 4,720,888
Salaries & Wages, Payroll Benefits and Payroll Taxes	\$ 168,148	338,121	195,159	224,821	310,800	289,410	164,467	243,624	322,106	340,703	\$ 2,597,360
Depreciation Expense	\$ 5,590	11,034	5,443	2,975	9,360	2,619	2,426	2,833	729	6,387	\$ 49,395
Other Expenses (d)	\$ 131,437	217,750	101,130	86,366	296,295	143,010	129,640	157,151	152,896	131,817	\$ 1,547,493
Total Expenses	\$ 305,175	566,905	301,733	314,161	616,455	435,040	296,534	403,607	475,731	478,906	\$ 4,194,248
Increase (Decrease) in Net Assets	\$ 378	58,385	60,536	40,466	194,180	36,130	39,048	44,157	20,514	32,846	\$ 526,641

(a) "Other Assets" includes categories such as accounts receivable and prepaid expenses.

(b) "Other Liabilities" includes categories such as accounts payable, deferred income, accrued payroll and benefits and security deposits.

(c) "Other Income" includes categories such as lease and rental, tuition and enrollment, interest, special events, newsletter advertising and fees.

(d) "Other Expenses" includes categories such as operating expenses, fees (i.e. accounting, legal and audit), janitorial expenses, contract labor, business expenses, insurance, special events, newsletter, utilities, and repairs and maintenance.