

Paseo Master Association
Treasurer's Report

Based on Unaudited September 30, 2020 Financial Statements (HOA meeting of October 21, 2020)

The Paseo HOA had an operating surplus of \$588,299 at 12.31.19 and it has increase by \$774,110 to \$1,362,409 as of 9.30.20. This large increase is due to operations of \$188,304, charging the Hotwire rate while we were still under contract with Comcast of \$105,307 and Hotwire free service of \$480,499.

The replacement reserves were \$679,756 at 12.31.19 and decreased to \$528,109 as of 9.30.20. Assessments of \$313,956 along with interest of \$3,581 were added to the reserves. Total expenditures of (\$469,187) were charged against the reserves during the calendar year.

The working capital fund was \$86,684 at 12.31.19. Year to date capital contributions of \$147,000 were added to the fund. (\$159,922) of special projects were expensed leaving a balance of \$73,762 as of 9.30.20. The board has additional approved projects that have not been funded yet for an estimated (\$8,279).

For the month, the association had an income of \$64,462 against a budget of \$62,873 for a positive variance of \$1,589. Food and beverage exceeded budget by \$2,617.

For the year, the association had an income of \$760,689 against a budget of \$593,184 for a positive variance of \$167,505. Food and beverage missed budget by (\$8,631), maintenance (including labor) exceeded budget by \$43,900 and administration (including labor) exceeded budget by \$36,806. Most other departments were under budget due to the reduction in operations due to Covid-19.

For the year, food and beverage had a direct loss of (\$290,759) against a budget of (\$282,128) for a negative variance of (\$8,631). Please note that sales are (\$263,564) under budget year to date.

Please note that KW and our auditors have determined that Paseo will not record any expense for the five free months of Hotwire service that started on April 21, 2020. We have elected to show the budget variances as if we didn't budget the imputed expense for bulk cable. The actual budget variance has been and will be considerably higher than what is reported in the treasurer's report.

Paseo Master HOA
Balance Sheet
As of 09.30.20

	Operating	Working Capital	Capital Reserves	Total
Cash	1,420,549	73,762	566,497	2,060,807
Other receivables	1,892			1,892
Other current assets	195,108		2,637	197,745
Current assets	1,617,549	73,762	569,134	2,260,444
Deferred revenue				-
Current liabilities	(255,139)		(41,025)	(296,165)
Working capital surplus	1,362,409	73,762	528,109	1,964,280
Fixed assets (net)	19,482			19,482
Fund balance	1,381,891	73,762	528,109	1,983,761
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Fund balance				
Beginning Balance	623,109	86,684	679,756	1,389,550
Net Income (loss)	760,689			760,689
Prior period adjustments	(1,907)			(1,907)
Collected		147,000	313,956	460,956
Interest			3,584	3,584
Capital projects		(159,922)	(469,187)	(629,110)
Fund balance	1,381,891	73,762	528,109	1,983,761
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Current surplus				
Surplus	1,381,891	73,762	528,109	
Less fixed assets	(19,482)			
Available surplus	1,362,409	73,762	528,109	
Anticipated transfer to reserves	(700,000)		700,000	
Net surplus	662,409	73,762	1,228,109	

Paseo Master HOA
Income Statement
As of 09.30.20

	Current Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Master dues	287,521	287,521	0	2,587,691	2,587,689	2
Reserve dues			-	313,956	313,956	-
Interest income	654	500	154	7,658	4,500	3,158
Events	-	100	(100)	-	11,100	(11,100)
Retail items	482	250	232	9,171	5,500	3,671
Amenities and other	219	1,223	(1,004)	8,054	11,007	(2,953)
Food and beverage	44,394	55,381	(10,987)	600,365	863,929	(263,564)
Capital assessments	24,260		24,260	159,922		159,922
Income	357,529	344,975	12,554	3,686,817	3,797,681	(110,864)
Legal	80	3,000	2,920	2,466	27,000	24,535
Other administrative	10,221	6,327	(3,894)	51,581	56,943	5,362
Bulk Cable	33,902	32,032	(1,870)	283,210	279,067	(4,143)
Utilities (other)	21,395	19,578	(1,817)	160,683	178,519	17,836
Contracts	4,270	6,572	2,302	49,110	57,750	8,640
Insurance	5,578	5,522	(56)	48,976	49,698	722
Lifestyle park	-	208	208	-	1,872	1,872
Cost of sales	14,562	21,748	7,186	241,218	342,029	100,811
Food and beverage supplies	9,486	12,613	3,127	118,149	171,941	53,792
Entertainment	2,100	2,200	100	32,490	44,900	12,410
Other amenities	6,660	8,441	1,781	70,584	90,217	19,633
Retail items	(284)	250	534	6,304	5,500	(804)
Pool (other)	8,927	7,404	(1,523)	45,515	66,636	21,121
Landscaping	10,023	10,951	928	112,604	98,559	(14,045)
Maintenance	13,693	8,885	(4,808)	84,007	80,515	(3,492)
Payroll				-	-	
Food and beverage	54,073	57,364	3,291	531,757	632,087	100,330
Member services	6,083	7,625	1,542	57,764	77,977	20,213
Pool monitor	9,879	10,586	707	76,778	95,977	19,199
Administration	37,826	36,369	(1,457)	310,774	317,684	6,910
Maintenance	18,630	22,724	4,094	152,952	200,343	47,391
Capital reserves			-	313,956	313,956	-
Depreciation	1,703	1,703	(0)	15,328	15,327	(1)
Capital projects	24,260	-	(24,260)	159,922	-	(159,922)
Expenses	293,067	282,102	(10,965)	2,926,128	3,204,497	278,369
Net Income (loss) - normal operations	64,462	62,873	1,589	760,689	593,184	167,505
Unusual items						
Change in accounting for Hotwire free service	-	64,065	64,065	-	480,499	480,499
Net Income (loss) per KW statements	64,462	(1,192)	65,654	760,689	112,685	648,004

Paseo Master HOA
Food and Beverage
As of 09.30.20

	Month-to-Date			Year-to-Date			09.30.19		%	2017					2018					2019					2020				
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Change		Actual		Actual		Actual		Actual		Actual		Actual		Actual		Budget					
Food Sales	19,208	25,125	(5,917)	306,992	447,375	(140,383)	440,344	(133,352)	-30.3%	572,330	561,133	582,215	604,750																
Bar Sales	25,185	30,256	(5,071)	293,372	416,554	(123,182)	403,753	(110,380)	-27.3%	481,545	513,011	530,384	546,322																
Total Sales	44,394	55,381	(10,987)	600,365	863,929	(263,564)	844,096	(243,732)	-28.9%	1,053,875	1,074,144	1,112,599	1,151,072																
Cost of goods sold																													
Food	8,037	10,553	2,516	143,409	187,902	44,493	197,392	53,983	27.3%	229,819	223,887	260,861	253,995																
Bar	6,525	11,195	4,670	97,809	154,127	56,318	146,495	48,685	33.2%	154,887	191,627	192,433	202,139																
Total COGS	14,562	21,748	7,186	241,218	342,029	100,811	343,886	102,668	29.9%	384,707	415,514	453,293	456,134																
Supplies	9,486	12,613	3,127	118,149	171,941	53,792	155,092	36,943	23.8%	193,379	221,200	237,628	229,408																
Labor	54,073	57,364	3,291	531,757	632,087	100,330	624,236	92,479	14.8%	930,803	811,841	841,451	856,848																
Total direct expenses	78,121	91,725	13,604	891,124	1,146,057	254,933	1,123,214	232,091	20.7%	1,508,888	1,448,556	1,532,372	1,542,390																
Direct loss	(33,727)	(36,344)	2,617	(290,759)	(282,128)	(8,631)	(279,118)	(11,641)	4.2%	(455,013)	(374,411)	(419,773)	(391,318)																
Direct cost recovery	56.8%	60.4%	-3.6%	67.4%	75.4%	-8.0%	75.2%			69.8%	74.2%	72.6%	74.6%																
Cost of goods sold																													
Food	41.8%	42.0%	0.2%	46.7%	42.0%	-4.7%	44.8%			40.2%	39.9%	44.8%	42.0%																
Bar	25.9%	37.0%	11.1%	33.3%	37.0%	3.7%	36.3%			32.2%	37.4%	36.3%	37.0%																
Total	32.8%	39.3%	6.5%	40.2%	39.6%	-0.6%	40.7%			36.5%	38.7%	40.7%	39.6%																
Supplies	21.4%	22.8%	1.4%	19.7%	19.9%	0.2%	18.4%			18.3%	20.6%	21.4%	19.9%																
Labor	121.8%	103.6%	-18.2%	88.6%	73.2%	-15.4%	74.0%			88.3%	75.6%	75.6%	74.4%																
Food	-	-	-	-	-	0.00																							
Rate		31			(14,469)																								
Volume		2,485			58,962																								
Bar																													
Rate		2,794			10,740																								
Volume		1,876			45,578																								
COGS Variance					7,186			100,811																					

Paseo Master HOA
Working Capital Fund

Balance as of 12.31.19			86,684
Closings (sales) 2020	98	1,500	147,000
2020 Projects	Paid	O/S	
LED lighting project	(1,292)	(1,000)	(2,292)
LED Tiki lighting	(6,385)		(6,385)
Acoustic panels for the pub	(3,183)		(3,183)
Door between the kitchen and bistro	(1,182)		(1,182)
Aerobic pac dumbbells	(1,214)		(1,214)
Spa Barber chairs (3)	(746)		(746)
Eversafe storage building	(13,983)		(13,983)
Bocce shade structures	(24,379)		(24,379)
Landscaping bocce/shed	(4,770)		(4,770)
Firepit (net)	(3,217)		(3,217)
Retaining wall stone	(4,250)		(4,250)
Power wash circle drive	(7,150)		(7,150)
Emergency lighting	(11,311)		(11,311)
Sound system antenna kit	(571)		(571)
Fix low spot in pavers (circle)	(6,000)		(6,000)
Convert kiddie splash pad to geothermal	(6,906)		(6,906)
Pickleball lines	(1,413)		(1,413)
Tennis fencing repairs	(8,550)		(8,550)
Pickleball ball fencing repairs	(2,850)		(2,850)
Furniture removal (dumpsters)	(3,285)		(3,285)
Café and ice cream cabinets	(8,362)		(8,362)
Lagoon pool additional lighting	(1,213)		(1,213)
2nd pool table	(2,000)		(2,000)
Level pavers and fix pool deck draining issues	-	(7,000)	(7,000)
Variable Frequency Drives	(21,592)		(21,592)
Infrared tiki heaters	(4,376)	(279)	(4,655)
Smoking section screening	(309)		(309)
Landscape lighting - Lap Pool	(4,456)		(4,456)
Portable lighting	(4,977)		(4,977)
Available balance 09.30.20	(159,922)	(8,279)	65,482
Sales since prior month end	2	1,500	3,000
Pending properties as of 10.15.20	20	1,500	30,000
Anticipated additional home sales 2020	4	1,500	6,000
Working capital available			<u>104,482</u>

Paseo Master HOA
Cost by Service
As of 09.30.20

	Current Month			Year to Date			Average per Month		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Bulk Cable	33,902	32,032	(1,870)	283,210	279,067	(4,143)	31,468	31,007	(460)
Administration	48,127	45,696	(2,431)	364,821	401,627	36,806	40,536	44,625	4,090
Replacement Reserves	-	-	-	313,956	313,956	-	34,884	34,884	-
Maintenance	32,322	31,609	(713)	236,958	280,858	43,900	26,329	31,206	4,878
Food and Beverage	33,727	36,344	2,617	290,759	282,128	(8,631)	32,307	31,348	(959)
Utilities	21,395	19,578	(1,817)	160,683	178,519	17,836	17,854	19,835	1,982
Amenity Access	9,879	10,586	707	76,778	95,977	19,199	8,531	10,664	2,133
Landscaping	10,023	10,951	928	112,604	98,559	(14,045)	12,512	10,951	(1,561)
Member Services	6,083	7,625	1,542	57,764	77,977	20,213	6,418	8,664	2,246
Pool	8,927	7,404	(1,523)	45,515	66,636	21,121	5,057	7,404	2,347
Entertainment	2,100	2,200	100	32,490	44,900	12,410	3,610	4,989	1,379
Insurance	5,578	5,522	(56)	48,976	49,698	722	5,442	5,522	80
Management Contract	3,672	3,672	(0)	31,652	31,650	(2)	3,517	3,517	(0)
Tennis (net)	5,367	4,608	(759)	41,438	40,720	(718)	4,604	4,524	(80)
IT Services	405	2,700	2,295	15,732	24,300	8,568	1,748	2,700	952
Café	1,121	1,500	379	16,105	17,000	895	1,789	1,889	99
Events (net)	950	400	(550)	5,343	4,900	(443)	594	544	(49)
Retail (net)	(765)	-	765	(2,867)	-	2,867	(319)	-	319
Other	(1,457)	518	1,975	(6,287)	4,662	10,949	(699)	518	1,217
Total	221,356	222,945	1,589	2,125,630	2,293,134	167,504	236,181	254,793	18,612
Per Unit									
Bulk Cable	29.58	27.95	(1.63)	247.13	243.51	(3.61)	27.46	27.06	(0.40)
Administration	42.00	39.87	(2.12)	318.34	350.46	32.12	35.37	38.94	3.57
Replacement Reserves	-	-	-	273.96	273.96	-	30.44	30.44	-
Maintenance	28.20	27.58	(0.62)	206.77	245.08	38.31	22.97	27.23	4.26
Food and Beverage	29.43	31.71	2.28	253.72	246.18	(7.53)	28.19	27.35	(0.84)
Utilities	18.67	17.08	(1.59)	140.21	155.78	15.56	15.58	17.31	1.73
Amenity Access	8.62	9.24	0.62	67.00	83.75	16.75	7.44	9.31	1.86
Landscaping	8.75	9.56	0.81	98.26	86.00	(12.26)	10.92	9.56	(1.36)
Member Services	5.31	6.65	1.35	50.41	68.04	17.64	5.60	7.56	1.96
Pool	7.79	6.46	(1.33)	39.72	58.15	18.43	4.41	6.46	2.05
Entertainment	1.83	1.92	0.09	28.35	39.18	10.83	3.15	4.35	1.20
Insurance	4.87	4.82	(0.05)	42.74	43.37	0.63	4.75	4.82	0.07
Management Contract	3.20	3.20	(0.00)	27.62	27.62	(0.00)	3.07	3.07	(0.00)
Tennis (net)	4.68	4.02	(0.66)	36.16	35.53	(0.63)	4.02	3.95	(0.07)
IT Services	0.35	2.36	2.00	13.73	21.20	7.48	1.53	2.36	0.83
Café	0.98	1.31	0.33	14.05	14.83	0.78	1.56	1.65	0.09
Events (net)	0.83	0.35	(0.48)	4.66	4.28	(0.39)	0.52	0.48	(0.04)
Retail (net)	(0.67)	-	0.67	(2.50)	-	2.50	(0.28)	-	0.28
Other	(1.27)	0.45	1.72	(5.49)	4.07	9.55	(0.61)	0.45	1.06
Total	193.16	194.54	1.39	1,854.83	2,000.99	146.16	206.09	222.33	16.24