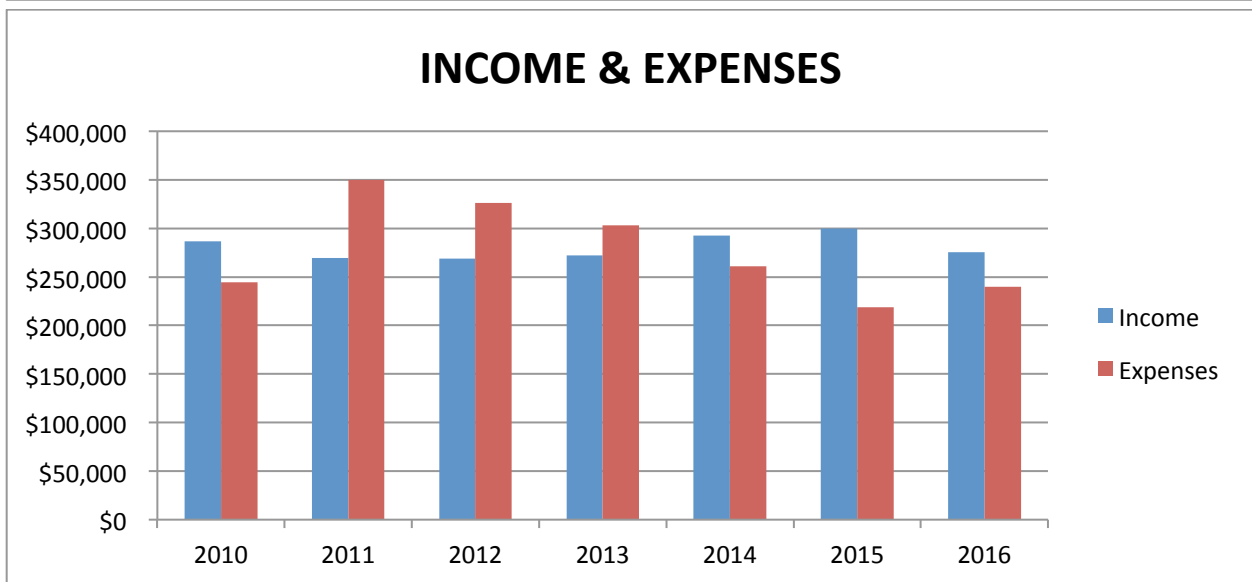
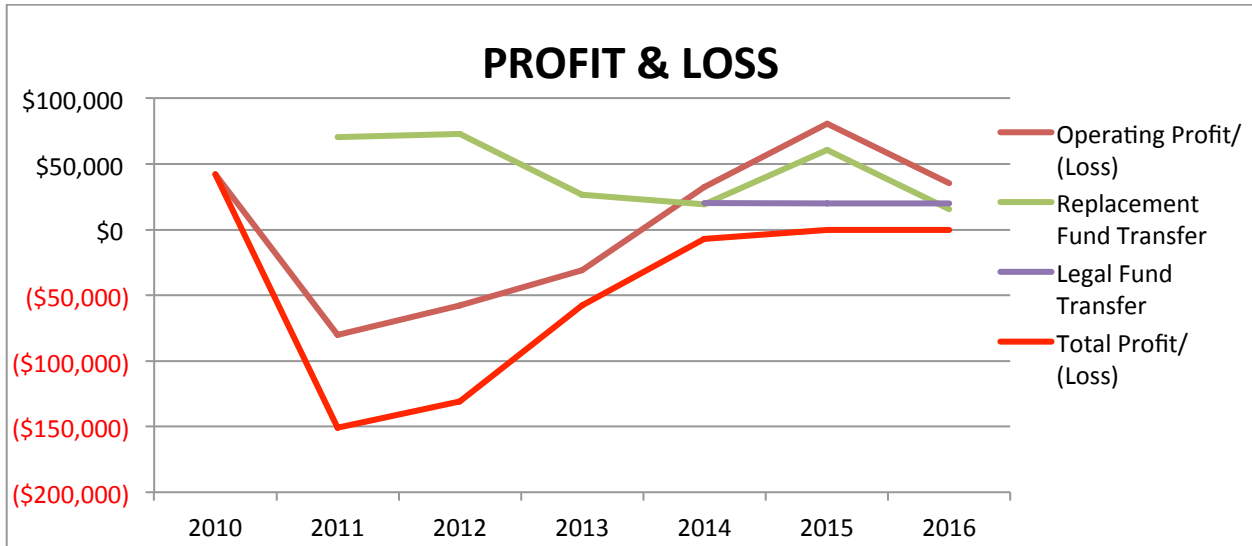




TREASURER'S REPORT – 2015

I am pleased to report that the POA's financial status is stable and adequate to meet the current level of operating costs, but not yet able to provide the level of replacement funds called for in the 2010 Reserve Study. Monthly financial and annual audit reports can be found on the RC Financial page of our website (www.RiverChasePOA.org). Below is an analysis of NBRC POA's financial condition.



After 3½ years (2011-2014) of excess spending, the Board has gotten the spending under control. In the above chart:

- The brown line (Operating Profit/Loss) shows the net of our income (maintenance fees primarily) minus expenses. During 2011 to 2013, our expenses exceeded our income by as much as \$75K.



Property Owners Association

During the last 18 months (2014-2015), the Board has reduced expenses enough to eliminate the losses. Between July, 2014 and September, 2015:

- The Board reduced average monthly operating expenses to less than \$15K, well below the average monthly (recognized in our reporting) maintenance fees of \$20K.
- Any maintenance fees not used for operating expenses were deposited in the Funds – Replacement and Legal.
- Fund deposits were still not at the level recommended in the 2010 Reserve Study.

Administrative expense were the primary area that the Board found the savings.

- through good expense management techniques,
- and hiring a less expensive management company - Spectrum.

The Operating Profit was aided by the sale of foreclosed property in each of the last two years.

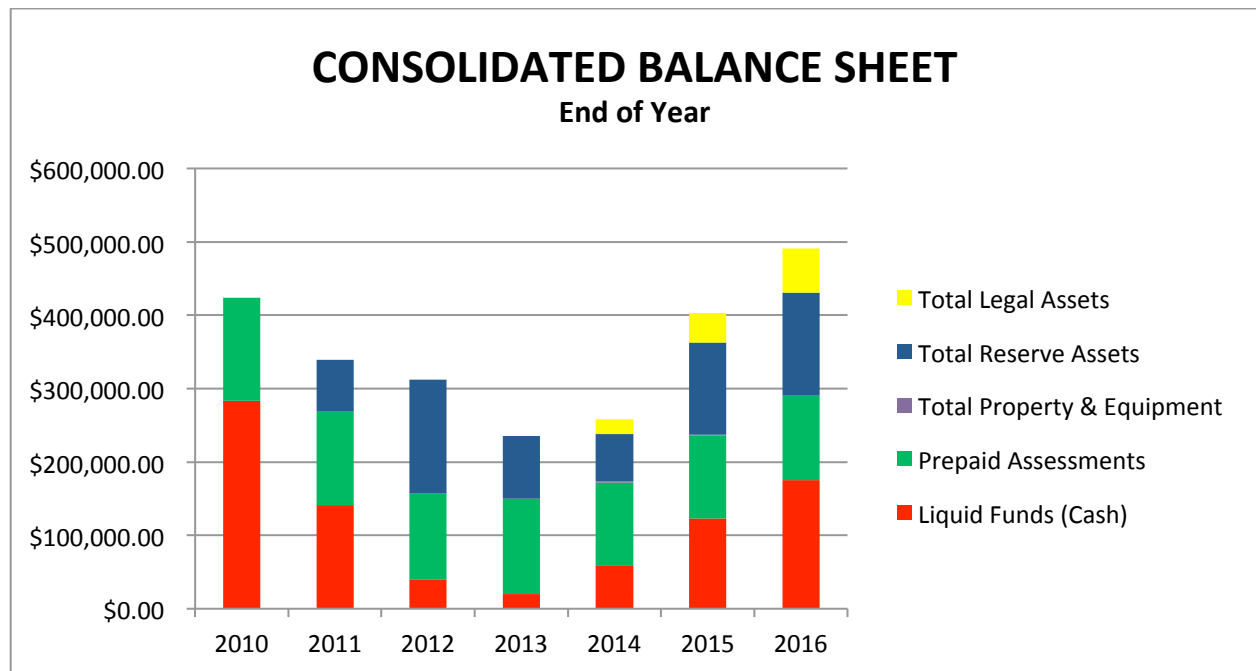
- 2014 – Legacy Hill
- 2015 - Northridge

Because of the 2014 lawsuits, increased premiums for D&O (Directors and Officers) liability insurance had a negative impact in the last 18 months.

- Premiums increased from \$5K to \$15K, deductible increased from \$5K to \$100K.
- The POA is likely to be subjected to these rates for next 5 years or more.
- Therefore, the Board established a Legal Fund to mitigate the financial impact of another lawsuit.

The Budget for 2016 is conservatively less than the Outlook for 2015.

- It still provides for additional deposits in Funds.
- If the Board continues with the same austere spending control, 2016 will end up looking like 2015.





Property Owners Association

Through austere expense management over the last 18 months, the Board improved Liquid Funds (useable cash – red boxes in chart above),

- End of Year total cash is distorted by the prepayment of the next year's maintenance fees (Prepaid Assessment – green boxes in chart above). Therefore, the red boxes are actually our useable cash position at the end of the year.
- In December, 2013, we had less than 1 month's average monthly expenses on hand.
- The projection for 2015 is about 6 months average expenses in cash – a comfortable, but not flush, position.

The Board's Funds policy is to use the Operating Profit to provide for the Funds.

- The first \$20K a year will be transferred into the Legal Fund until it reaches a cap of \$100K.
- Any amount over \$20K will be transferred at the end of the year to the Replacement Fund.
- These Fund transfers will not meet the recommendations from the 2010 Reserve Study.
- Next year the Board plans to update the 2010 Reserve Study.