

POA News

From the POA President

By Jay Goldman
POA Board President

Hello, Big Canoe! Since we completed three months of 2019 less than 30 days ago as of this writing, I thought it would be worthwhile to summarize where the POA stands financially as of March 31, 2019, and to offer a few comments.

Some Financial Metrics

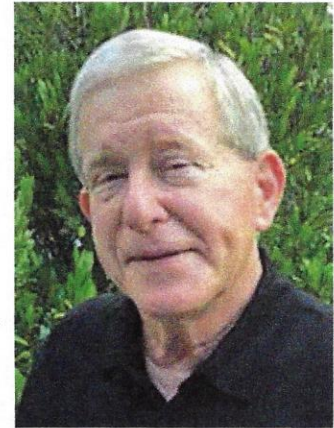
BALANCE SHEET		
Total assets		\$42,996,776
Total Property Owners' equity		\$33,589,055
Total long term debt:		
- Due in next twelve months	\$991,738	
- Due long term	\$6,797,188	\$7,788,926
Cash		
- Restricted, primarily capital reserve funds	\$2,709,350	
- Operating cash	\$2,979,353	\$5,688,703
Net buildings, equipment and amenities, book value		\$36,111,353
INCOME STATEMENT - THREE MONTHS' ENDED MARCH 31, 2019		
	Actual	Budgeted
Revenue from assessments	\$2,756,280	\$2,733,345
Operating department expenses	\$(1,482,377)	\$(1,498,248)
Amenities (loss)	\$(321,722)	\$(266,954)
Income before depreciation	\$952,221	\$968,143

Some Comments

The balance sheet reflects a healthy financial condition. Our debt to equity ratio is 23%. Our debt has a very favorable interest rate of 3.29% and is an amortizing loan, with annual principal payments, and will be repaid in 2026.

Our long term debt lender has told us we have borrowing capacity up to \$10 million today. With the same lender, we also have a \$3 million line of credit for short-term working capital needs which we have had for three years and

have never used. We have no plans to borrow more money to pay for capital improvements, including any projects approved by the property owners as a result of the master plan studies ongoing. Our cash balance includes the reserve fund shown above which was created in 2010. It can only be used for capital projects as defined in the applicable agreements. Our operating cash includes \$1 million set aside under provisions of our governing documents to pay for operating expenses if the operations of the community are disrupted for any reason.



Jay Goldman, President,
Big Canoe POA

The income statement indicates income before depreciation is less than \$20,000 behind budget after a very wet first three months of 2019. Most amenities were at or near budget. Work still needs to be done to improve the operational and financial performance of the Food and Beverage operation at the Black Bear Pub.

While banquets are close to budget through March, there is still work to be done to meet budget in this area for the year. Your POA Board and the Finance Committee are working with management to both improve The Clubhouse experience as well as its financial performance. Likewise, the Audit Committee is beginning a project to review the sourcing and pricing procedures for products and services the POA buys.

This project follows work done by that committee last year to improve the policies and procedures, including sourcing and multiple internal approvals related to acquiring capital assets

Summary

Big Canoe is a complex business. Your board is working with management on an array of topics to cost effectively make the Property Owner experience even better. Certain fees charged for various services, which had not been evaluated in many years, have been adjusted. All operating and amenity costs will be critically evaluated for appropriateness and reasonableness. We have a community that is a great place to live in or visit, and the board is working hard to maintain the experiences Big Canoe offers.