

ORCHARDS RESIDENTS ASSOCIATION
2021 STATEMENT OF OPERATIONS

REVENUE	2021 Budget	2020 Budget	Variance to Prior Year	2020 Forecast	Notes
Membership fees	751,915	630,547	121,369	650,179	A
Rental and programming	160,800	234,354	(73,554)	133,801	B
Sponsorship and grants	10,000	17,000	(7,000)	26,738	C
Contract revenue	43,900	80,221	(36,321)	53,413	D
Interest and other	5,000	3,127	1,873	99,110	E
TOTAL ESTIMATED REVENUE	971,615	965,248	6,367	963,241	
EXPENSES					
Salaries and benefits	554,600	648,177	(93,577)	544,606	F
Programs and Events	52,700	53,130	(430)	50,971	G
Repairs and maintenance	68,900	80,375	(11,475)	67,352	H
Administration	79,500	74,991	4,509	74,901	I
Utilities	98,700	94,500	4,200	97,906	J
Professional	48,000	58,000	(10,000)	61,220	K
Advertising and promotion	3,800	4,000	(200)	2,254	
Insurance	17,500	15,900	1,600	17,515	L
Property tax	10,000	10,000	-	-	M
TOTAL ESTIMATED OPERATING EXPENSES	933,700	1,039,073	(105,373)	916,725	
OPERATING REVENUE OVER EXPENSES	37,915	(73,825)	111,740	46,516	
Interest	(95,925)	(141,783)	45,858	(105,630)	N
Amortization of Deferred Capital Contributions	79,518	79,518	-	79,518	O
Amortization of Capital Assets	(195,000)	(195,000)	-	(195,000)	P
TOTAL REVENUE OVER EXPENSE SURPLUS/ (DEFICIT)	(173,492)	(331,090)	157,598	(174,596)	
OTHER CASH COLLECTIONS / (EXPENDITURES)					
Loan Principal Draws / (Repayments)	35,428	204,183	(168,755)	91,582	Q
Capital Sales / (Purchases)	(51,000)	(24,500)	(26,500)	(17,259)	
Change in Working Capital	71,369	43,348	28,021	-	R
Add Back: Amortization of Capital Assets (Non-Cash)	195,000	195,000	-	195,000	
Subtract: Amortization of Deferred Capital Contributions (Non-Cash)	(79,518)	(79,518)	-	(79,518)	
TOTAL REVENUE OVER EXPENSE SURPLUS/ (DEFICIT)	(2,213)	7,423	(9,636)	15,209	S

Notes:

- A** In 2020, the RA will add an estimated 280 members vs the 210 budgeted for the year. This will contribute an additional \$109K of additional revenue in 2021. Additionally, the RA is forecasting another 260 new members will be added in 2021 on a pro-rated basis. This represents an increase in budgeted pro-rated revenue of approximately \$10K.
- B** Rental and programming revenue expected to fall 30% (\$70K rentals; \$6K program revenue). Lease revenue increase of \$2.5K for the year as per term agreement. Assumption of 15 person restriction for indoor social gatherings until May. 50 person restriction for indoor social gatherings for remainder of year after May.
- C** Reduction largely related to the CIOG grant (\$16.5K) received in 2020 that will likely not be available due to the grant being suspended. Additional sponsorships were added to help offset the loss of these grants.
- D** Do not anticipate staffing the Orchards Show Home Village with an ambassador in 2021 (\$39K reduction to revenue). Also, contract work on pathways controlled under Brookfield's management have been reduced as they are transitioned to the City of Edmonton. Additional summer and winter maintenance contracts have been secured for 2021 at the Show Home Village (\$36K added to revenue).
- E** Variance of \$94K from 2020 due additional revenue from the wage subsidy. Will be applying for the wage subsidy program in 2021 when applicable. Those amounts are not reflective in budget as this process in month to month and inconsistent.
- F** \$31K for Show Home Village Ambassadors has been removed for 2021. No wage increases scheduled for 2021. Staffing has been downsized to reflect building usage (\$62K). Increases in WCB/EI/ CPP in 2021.
- G** Instructor costs have been decreased in relation to lower program revenue expected for 2021.
- H** Savings due decrease expenses in automotive (\$3K). Not anticipating major glycol leak on A/C line that was experienced in 2020 (\$10K).
- I** Office supplies, telecommunications charges, website hosting, photocopying, postage, etc. Credit card transaction charges account for \$17.5K compared to \$15K in 2020. ATB loan annual fee has been added (\$3.5K). In 2021 AGM package will be sent electronically (\$3K reduction).

- J** Spray park usage continues to increase. Budget is reflective of additional monthly water costs during spring/summer months.
- K** Audit, legal, and management fees. 2020 loan increase lawyer fees and Field Law costs associated with bylaw changes (\$10K). Reduction of \$10K due to no loan increase or bylaw changes in 2021.
- L** Insurance rates are projected to increase by 10% based on recent quote from broker. In 2020 auto insurance provider was changed, savings of \$2K.
- M** The association received an exemption from property tax in 2020 and is optimistic that the same exemption will be received in 2020. Included \$10,000 in budget in case we do not receive an exemption and need to appeal our tax assessment.
- N** In 2020 the variable interest on the ATB loan fell with prime by 1.5%. This was partially offset by an increase in the variable term from P + 0.45% to P + 0.67%.
- O** Non-cash revenue included to recognize the value of capital assets gifted to the association. This primarily consists of the land and facility gifted to the association by Brookfield over the expected life of the building.
- P** Non-cash expense to recognize the depreciation of all capital owned by the association. The Association's current capital balance is primarily comprised of the facility and surrounding amenities (ex. Spray park, rink, maintenance building, tennis courts), but also includes vehicles (ex. Zamboni, tractor and bobcat).
- Q** While the association continues to draw from its existing loan, the payments are recalculated annually to maintain the approved amortization period. Further, while monthly payments remain relatively flat with the 2020 payments, the interest rate has fallen sharply (see Note M), resulting in an increase in principal payments expected in 2021. Both in the fall 2020 and 2021 respectively; a loan draw of \$100k is projected.
- R** An assumption of 25% is projected to collect at the end of 2020 for the 2021 membership fees. Early collection of 30% for 2022 fees.
- S** The association is projecting a \$38K operating surplus (\$111K improvement vs. prior year) and a \$2.2K cash flow deficit (decreased of \$9k vs. prior year). This highlights management's ability to react to decreased revenue while managing costs overall, and also emphasizes the associations need for increased growth in order to become cash flow positive before building up a reserve fund and paying down debt. The cash deficit is expected to be financed through a combination of early collections on 2022 membership fees and/or loan draws (when required).