

WHP FINANCIALS - WHERE WE WERE/WHERE WE ARE HEADED

- The Park has been around since 1983. WHP came into this year with only \$305K of reserves. The current board has worked hard to rectify this situation. **This year ALONE, the Board is projected to contribute \$70K into the reserve fund!**

Food for thought- The Park has been around for 37 years.

37 x \$85k = \$3,145,000.00

37 x \$70k = \$2,590,000.00

37 x \$50k = \$1,850,000.00

37 x \$25k = \$ 925,000.00

37 x \$10k = \$ 370,000.00

*****Our community is responsible for maintaining plumbing and electric infrastructure as well as roads and amenities including marina (valued close to a million). Marina was not insured for damages (accident, fire, etc.). Marina is still NOT protected from flooding. The pool is vulnerable, under certain circumstances, as well. THIS BOARD BELIEVES IN PROFESSIONAL FINANCIAL PLANNING/MANAGEMENT TO TAKE CARE OF OUR PARK!***

- **The Year to Date budget is on target to break even this year.** Specifically:
 - Since assessments are budgeted at a flat amount for owner convenience, the operating fund balances out throughout the year.
 - As expected, WHP's expenses are front-heavy in the summer. The accounts payable and receivable cycle from April 1 to Oct 31 shows a budgeted loss of \$140K, balanced out by the profit of \$140K from Nov 1 to Mar 31.

Reserve Management

A Temporary transfer has been approved because

1) WHP paid insurance in total (\$28,600.00), up front, that resulted in a significant cost savings.
2) As referenced above, WHP's available cash is affected negatively by the Park's paying utility bills before our owners reimburse the association through their monthly payments/dues (i.e., water bill). This shortfall is contributing to our current cash shortage issue.

- Reserve Sweeps – This is a product that allows us to work with the same bank, but stay within the FDIC limit by moving funds to other FDIC insured bank accounts.
- Reserves continue to be funded monthly, as budgeted.

Expenses

Insurance - As referenced in a previous newsletter, this Board added:

- **Damage Coverage to the Marina** (*Note: The previous BOD made the decision to cover liability ONLY.*)
- **Cyber Security Coverage** (*particularly due to recent hacking of email*)

Legal – Attorney billing from April 1 to October 2020 included the Residency/ Court Case where a small subset of owners has been suing WHP and Worcester County, resulting in the legal counsel requirement (to include the preliminary (August), settlement conference (October), preparation for the December court event, advice regarding COVID, member issues (flag, threats, false information disseminated regarding legal advice, false information communicated regarding county position/Park position regarding litigation), major ECC violations, and when members contact the attorney via email, etc.).

-As we experience plaintiff delays or other attempts at dismissal or change we will see further increased cost in legal defense of our Declaration moving forward.

Accounts Receivable - Receivable collection is critically important - it is the major source of income to pay WHP bills.

NOTE: Owners 30+ days overdue are approximately \$20,843.00 in debt to the association at this time. This debt is affecting our cash flow throughout the year.

Update: The Board received 2 messages from owners seeking more specific information regarding the money transferred from the reserve. The explanation is covered above- under reserve management- though we would like to add that these withdrawals are in the books, which is different from the way things were handled in the past. The borrowing is with the intention of paying back, and the reserve deposits are still being made. In the past, the reserve was used, without replenishment, deposits were not being made, and use of reserve was not clearly tracked.

****The dues increase from 90\$-104\$ helps us to afford our expenses while still saving for the care of our Park.**

The specifics:

- The insurance was paid to save interest expense (if we decided to pay in installments, we would have been charged significant interest)
- Funds were borrowed (\$50k) because of short term cashflow issues. As we said, bills often have to be paid before money is collected from owners. In this case, we were fronting the water bill of \$64k. The bill was paid in Oct and collected from owners in Oct, Nov, Dec.

FYI- 53k was transferred back into the reserve in November and 17k will likely be transferred back in December.