

**Highlands Property Owners Association, Inc.
Annual Operating Budget Proposal for 2023
As Compared to 2021 Actual, 2022 Budget and 2022 Estimated**

	2023 Board Approved	2022 Estimated	2022 Budget	2021 Actual	
Income					
Maintenance fees	\$ 50,000	\$ 50,000	\$ 50,000	\$ 48,000	Note 1
Expenses					
Electricity	6,000	6,000	4,500	4,200	
Water/Sewer	8,000	10,000	7,000	(5,600)	
Telephone/Data	1,000	1,000	1,000	1,200	
Insurance	2,400	2,400	2,400	2,200	
R&M - Grounds	13,000	7,000	9,000	8,200	Note 2
R&M - Pool/Pavillion	7,000	6,000	9,000	7,000	Note 2
R&M - Entry	1,000	500	1,300	1,400	Note 2
Management and Accounting Fees	6,000	5,000	5,800	7,100	
Legal and Collections	-	1,000	1,000	1,000	
Total Expenses	44,400	38,900	41,000	26,700	
Operating Cash Flow (Deficit)	\$ 5,600	\$ 11,100	\$ 9,000	\$ 21,300	
Supplemental Information:					
Cash committed for annual debt service to DDI (due May 1)	\$ 9,713	\$ 9,713	\$ 9,713	\$ 9,713	Note 3
Cash committed for major repairs to pool/pavilion	\$ -	\$ -	\$ -	\$ -	

2023 Budget Notes:

- Budgeted annual maintenance fees collected from property owners is based on a Board analysis of current Property Owner accounts.
- Budgeted repairs and maintenance costs for grounds, pool/pavilion and front gate are based on interim estimates made by the board pending final agreement with potential service contractors.
- At the annual meeting of the Association's property owners held on April 26, 2018, the directorship of the Association changed from a board controlled by Double Diamond, Inc. ("DDI") to an independent board comprised solely of the Association's property owners. In connection with this change of control, the Association issued an unsecured promissory note to DDI in the principal amount of \$75,000, bearing interest at 5% and payable in 10 equal annual installments of \$9,712.84 beginning May 1, 2019. The promissory note was issued in full settlement of all then-existing obligations to DDI and its affiliates, whether known or unknown, including approximately \$87,000 of recorded indebtedness to DDI and its affiliates as of the date of the change of control.