

Spanish Wells Community Association Inc. ("SWCA")

Structure and Financial Overview



Spanish Wells Community Association Inc
9821 Treasure Cay Lane
Bonita Springs, FL 34135
www.spanishwellscommunity.com

Spanish Wells Community Association Inc (“SWCA”)

Financial Overview

The Spanish Wells Community Association Inc. serves as the Master Association of the Spanish Wells community. It is comprised of two (2) financial operations:

1. The Spanish Wells Community Association (aka “SWCA”) – a non-profit corporation (that owns the “country club”).
2. The Spanish Wells Golf & Country Club (aka “SWGCC”) – a for-profit corporation that encompasses our entire “country club” including the golf courses, tennis/pickleball/bocce facilities, fitness facilities and related components. SWGCC is wholly-owned by SWCA.

Financial Considerations Explained:

- The Spanish Wells Community Association (“SWCA”) purchased the country club (“SWGCC”) in 2018 in order to enhance the Spanish Wells community, protect against the impending country club bankruptcy/resulting loss of all property values and increase the value of all homes within the community. Over 80% of the homeowners voted in favor. The purchase price of \$3,770,000 was funded by a 15-year, 5.2% bank loan (mortgage). Each of the 1358 (as of 12/2022) homeowners contributes (is assessed) \$22.35 per month in order to paydown the loan principal and related interest.
- All Spanish Wells assets are owned by SWCA (not the individual homeowners).
- Annually, SWCA assesses all Spanish Wells homeowners (approx 1358) for its total operating expenses, loans/interest, tv/internet services and required reserves in the form of “annual dues”. These expenses are comprised of:
 - ✓ SWCA general operating expenses (for the HOA). The homeowners pay for 80% of such estimated expenses and SWGCC pays 20% of such estimated SWCA expenses.
 - ✓ Summit Broadband (TV and Internet services) for residences only.
 - ✓ Mortgage and Interest (for the bank loan required to purchase the country club / SWGCC).
 - ✓ Reserves (required capital contributions for asset preservation).

Financial Considerations Explained:

- The annual financial goals of SWCA are to limit homeowner assessments (dues) to only such amounts as required on an annual basis for homeowner association expenses (not country club or golf course expenses) and end each year with zero funds (and thereby avoiding any possible taxes). All assessed dues/funds are placed into an operating account and are never co-mingled with any funds of the SWGCC.
- The annual financial goals of SWGCC are to maximize profits, continually enhance the country club and golf course, support SWCA operating expenses and maximize community enjoyment through its facilities. The profit goals are based upon “self-sustainment” wherein established reserves fully fund the life span needs of the SWGCC (without a need to require capital assessments from the Spanish Wells homeowners).
- The general operating expenses of SWGCC are paid for by SWGCC from funds received through golf/fitness/tennis/etc, food & beverage, banquet events and pro shop (revenues). These SWGCC operating expenses, which also include SWGCC’s payment to SWCA for 20% of SWCA’s total annual general expenses, are deducted from revenues in order to arrive at SWGCC’s annual pre-tax profits.
- The annual pre-tax profits of SWGCC are then split 75%/25% between SWCA and Indigo/Troon (our country club management company). SWCA (not homeowners) then pays both state and federal taxes on their 75% of the profit split.
 - ✓ All remaining after-tax profits/funds are placed in a reserve called “CapEx Reserves”. These funds are only used for “capital expenses” (not the SWGCC operational expenses) and are utilized to enhance SWGCC operations, purchase/replace needed SWGCC assets & equipment and fund future required reserves related directly to SWGCC.
 - ✓ CapEx Reserve funds are utilized based upon specific priorities, reviewed/recommended by the Asset Oversight Committee (“AOC”) and then approved by the SWCA Board of Directors prior to disbursement.

THE FOLLOWING SLIDES/CHARTS PROVIDE FURTHER DETAILS OF THESE FINANCIAL TRANSACTIONS

Spanish Wells Community Association Inc (“SWCA”)

Spanish Wells Golf & Country Club (“SWGCC”) Ownership & Management Company Changes/Progression

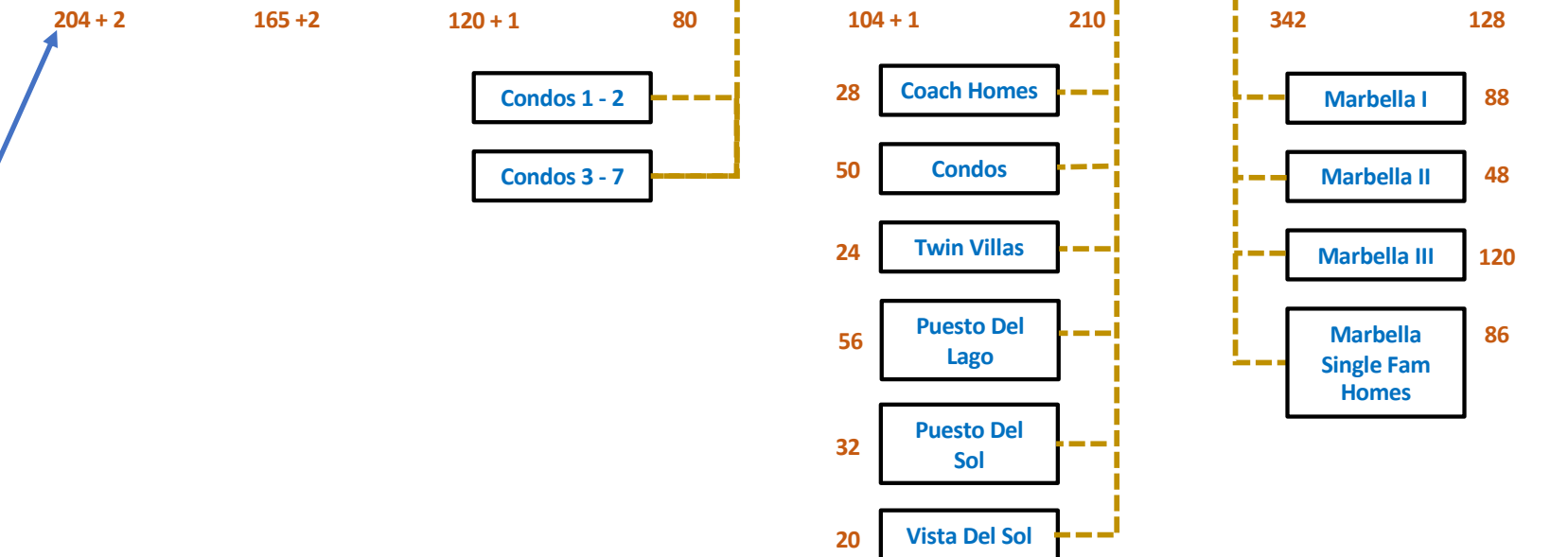


Spanish Wells Community Association Inc ("SWCA")
 Organizational Chart of All Homeowner Associations in the Spanish Wells Community

ALL Homeowners (are Members of "SWCA")

Spanish Wells Community Association Inc. ("SWCA" is an HOA and the "Master" Association in Spanish Wells)

Unit 1 Unit 2 Unit 3 Golf Condos Lake Club Las Brisas Marbella Cordova



Individual HOA Sub-Associations and their "Sub-Sub Associations"

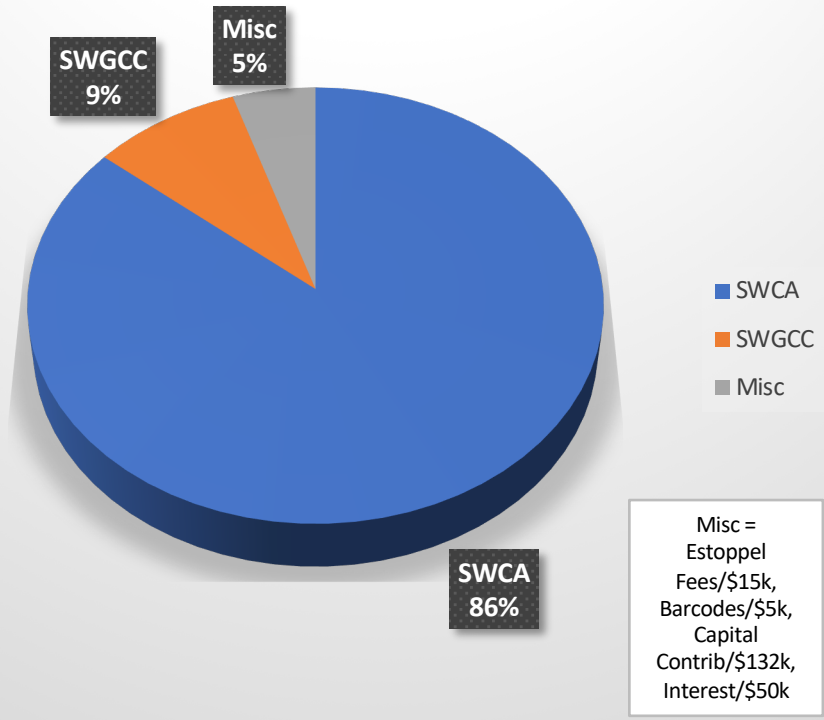
of Homes/Condos + Lots

Spanish Wells Golf & Country Club
 (is a wholly-owned subsidiary of SWCA)

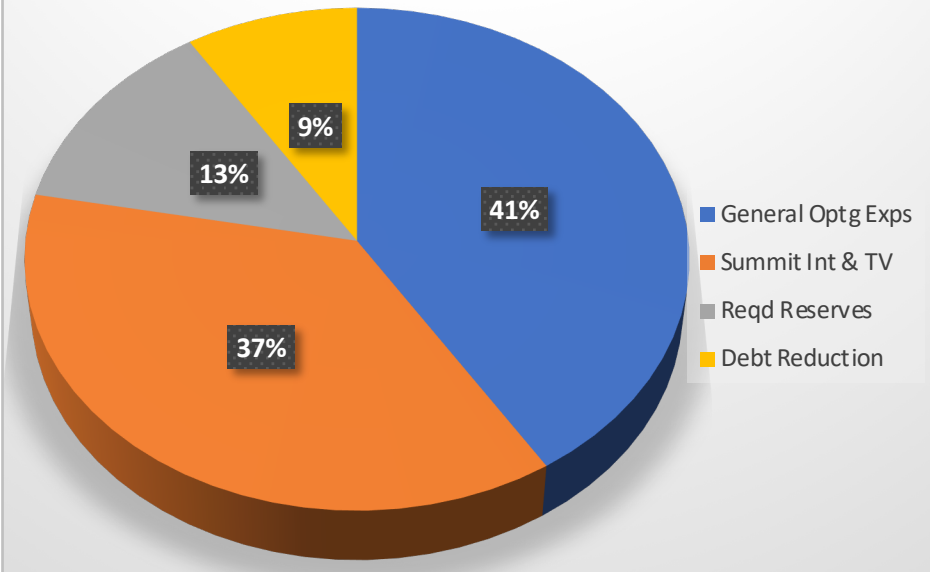
Spanish Wells Community Association Inc (“SWCA”)

2023 SWCA Annual Sources and Uses of Cash

SWCA – Annual Sources of Cash



SWCA – Annual Uses of Cash



- NOTES:**
- SWCA (through assessments) provides \$3,230,000/year or 86%
 - SWGCC (through its golf profits) provides \$338,000/year or 9% (20% of SWCA annual general expenses)
 - Misc provides \$202,000/year or 5%
 - TOTAL FOR YEAR 2023 = \$3,770,000

- NOTES:**
- General Operating Expenses = \$1,367,000/year
 - Summit Internet & TV = \$1,512,000/year
 - Debt Reduction (Loan Payment) = \$364,000/year
 - Florida Required Reserves = \$527,000/year
 - TOTAL ANNUAL FUND USES = \$3,770,000/year (approx \$231.00 per home per month)

Spanish Wells Community Association Inc ("SWCA")
Homeowner Annual Assessments (based upon 2023 Budget)

Annual Assessments to Homeowners are a Combination of SWCA and Individual HOA Assessments (approx 1358 Homeowners)

- Comprise the total annual available funds for the communities within Spanish Wells
- Based upon 80% of SWCA's annual operating expenses as well as individual sub-association operating expenses
- Estimated annually based upon prior years experience

80% of SWCA Annual Cash Needs
(used only for SWCA - **not** SWGCC)

*Approx \$199.00 per home per month**

*(*Note: Total actual SWCA Annual Cash Needs are approx. \$231.00 per home per month but SWGCC and capital contributions fund the remaining \$32.00 per home per month)*

Sub-Association HOA Annual Cash Needs (for sub-association expenses within their own community only*)

*Total additional monthly \$\$\$ above \$199 depends upon each sub-association's addl cash needs**

*(*Note: Each sub-association adds it's own additional cash needs which may include expenses such as maintenance, landscaping, water, painting, etc)*

SWCA Uses of the Funds:

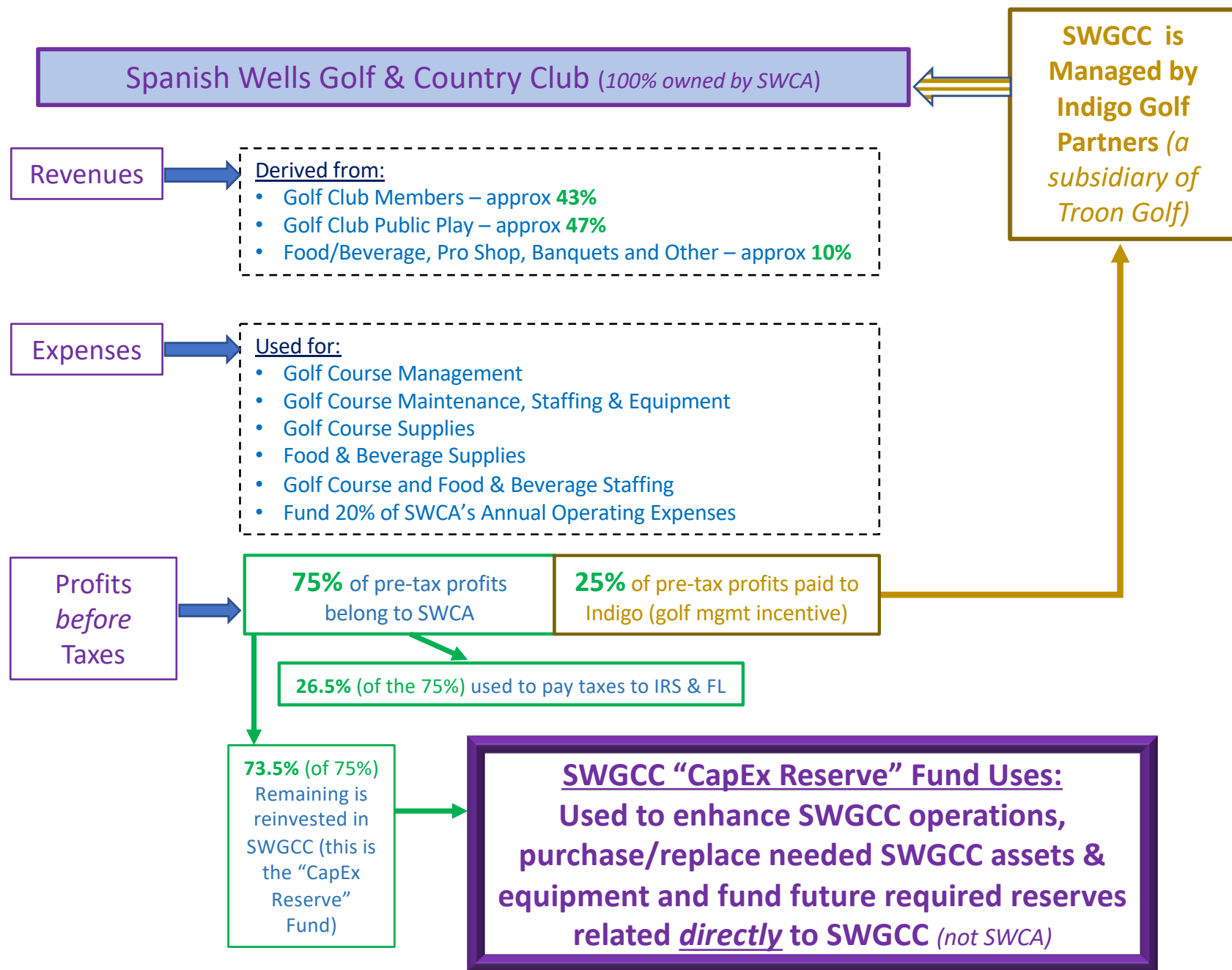
- **\$22.35/home/mo - Required Annual Mortgage Payments to Bank** (approx \$364k which includes \$160k in interest)
- **\$93.26/home/mo - Summit TV & Broadband Services for all homeowners** (approx \$1.5m/year)
- **\$32.35/home/mo Required Annual Capital Contribution to "Reserves"** (state-mandated, approx \$527k/year)
- **\$83.04/home/mo (plus additional \$20.76 funded by SWGCC) - General Expenses for SWCA** (repairs, grounds, lakes/ponds, utilities, security/public safety, accounting, management fees, audit, taxes, insurance, etc --- approx \$1.4m/year) >>>> **NOT USED FOR THE SWGCC/Golf Course**

\$83/home/mo – General Expenses for SWCA includes:

- **\$2 – Professional Fees** (Audit, Legal, Engineering)
- **\$13 – Administrative Fees** (HOA Management Fees, Office Expenses, Phone, Meetings)
- **\$38 – Privacy/Safety Controls** (Gate Attendants, Gates, Etc)
- **\$10 – Common Grounds** (Landscape, Irrigation, Etc)
- **\$5 – Surface Water Management** (Lakes, Banks, Pumps, etc)
- **\$1 – Entrance Fountain Maintenance**
- **\$4 – Utilities**
- **\$10 – Taxes & Insurance**

All figures are rounded

Spanish Wells Community Association Inc (“SWCA”)
 Spanish Wells Golf & Country Club (“SWGCC”) Cash Flows (Profits)



Spanish Wells Community Association Inc ("SWCA")

Taxation

