



HIGHLANDS RANCH
COMMUNITY ASSOCIATION

LIVE LIFE

the way it was intended

Highlands
Ranch
Community
Association

ANNUAL REPORT
2018



SCOTT LEMMON
Director
Term Expires: 03/20



BROCK NORRIS
Director
Term Expires: 03/21



JIM ALLEN
Director
Term Expires: 03/21



JERRY FLANNERY
CEO/General Manager
HRCA



MELISSA PARK
Director
Term Expires: 03/20



KRYSTAL WOODBURY
Director
Term Expires: 03/20



Who We Are

Highlands Ranch Community Association (HRCA) is a nationally award-winning non profit community association for more than 32,000 households in Highlands Ranch. HRCA maintains four recreation facilities, provides architectural control and covenant enforcement, youth and adult arts and educational opportunities, sports and fitness programs, and aquatic experiences for all ages. HRCA manages 8,200 acres of open space in the Backcountry Wilderness Area and hosts nearly 100 community events each year. Highlands Ranch is consistently ranked as one of the best places to live in the nation.

Our Mission

Enhancing property values and creating quality of life through recreation, community events, and leadership.

HRCA Structure

HRCA is a proactive organization governed by a five-member volunteer Board of Directors. Highlands Ranch is divided into 93 Delegate Districts. Delegates are elected by their districts residents to represent their neighborhoods. Delegates propose amendments and make recommendations to the Board of Directors on various matters outlined in the Community Declaration. Find more details on the Board and Delegates at HRCAonline.org/Leadership.

Vision for the Future

The Vision for the Future is the ideal desired condition of the community at some future point in time – typically decades away. The Vision is a dream rooted in reality that may contain some existing conditions to be preserved, along with future ambitions that are consistent with its vision.

Public Services: Provide discounted services through negotiated volume rates which benefit our residents by providing community services at a lower cost.

Backcountry Wilderness Area: Provide members with unprecedented opportunities to enjoy nature, while protecting and conserving natural, cultural, archaeological, and historical resources for the enjoyment of future generations.

Recreation Facilities: Strive to keep the HRCA recreation centers equipment and services equal to private facilities in the area. The facilities will be operated efficiently to provide significant value, recreational programs, and opportunities for all members.

Operational Excellence: Optimize processes, people and products, so customer satisfaction and financial results are maximized through a culture of continuous improvement.

Community: Partner with and influence local and regional agencies and organizations to enhance the quality of life enjoyed by the residents of Highlands Ranch. Enhance community lifestyle by providing community events that bring people together through leadership and volunteerism.

Programs, Activities & Events

Arts & Education - HRCA's Arts and Educational classes expand horizons of young and old. Preschool and Enrichment programs offer developmentally appropriate activities, which give children the foundation for future academic learning. Additional classes and programs are geared specifically for seniors who want to become or remain active.

Aquatics - Learn to swim for safety or take up snorkeling or stand-up paddleboarding, just for the fun of it. HRCA's aquatics

LEADERSHIP

BOARD OF DIRECTORS - HRCA is governed by a five-member volunteer Board of Directors. Members serve two-year staggered terms and set policy for the community in order to manage the duties of the Association. The Board of Directors can be contacted by emailing: BoardofDirectors@HRCAonline.org

programs help to assure a lifetime of enjoying water activities.

Sports & Fitness - Sports and recreation go hand-in-hand and the HRCA has opportunities for you to participate!

Backcountry - HRCA's first priority and consideration is always to ensure the

wildlife and habitat will continue to thrive in the Backcountry Wilderness Area. Our trails are designed to minimize impact by building them in strategically less vital areas and using less intrusive building techniques.

Community Events - HRCA, in partnership with the Cultural Affairs Association (CAA), produces nearly

100 events and programs from small and intimate affairs to large community events and festivals that enrich the lives of Highlands Ranch and surrounding community residents and enhance the quality of life in Highlands Ranch.



\$17,900,000 Assessment dollars

Pay for the annual operations and maintenance of our Recreation Centers and Covenant Control in Highlands Ranch

2.2 million
Annual facility visitors



Capital Reserves

Long-term planning

Planning for future budgets provides input on future operational needs, capital purchases, and reserve replacement.

HRCA's nonprofits

Highlands Ranch Cultural Affairs Association
Highlands Ranch Community Scholarship Fund
Backcountry Conservation and Education Fund

501(c)3



8,200
Acres of Backcountry Wilderness Area open space.

97,529 Ranch residents

96,214 Residential submittals for landscape and exterior improvements and renovations.

135,080 Attendees to 100 community events

132K Recreation participants
Enjoy a variety of classes, camps, recreational programs, and events.

Performance elements

The HRCA consistently defines and measures progress toward the organization's objectives and goals to ensure our progress aligns with our mission and vision for the organization. It

also utilizes Key Performance Indicators (KPI's) such as safety, customer satisfaction, member retention, program and event success and operation excellence to help define and measure progress toward our organization's objectives and goals. Each

department ensures that these KPI's align with the Board of Directors' mission and vision for the organization, and strengthens our strategic goals and objectives.

Safety

Safety is the top priority in the HRCA. We strive to maintain a safe environment for all employees and our members at large. HRCA is proud that it currently has a Workers Compensation Experience Modification Rating of .56

Customer satisfaction, member retention

HRCA maintains and provides first-class facilities and superior programs, classes, and events. Through surveys HRCA can ensure that the experiences for members meet their needs, peak their interest, and keep them coming back.

Operation excellence

HRCA owns and maintains four facilities with over 2 million visitors annually. Providing up-to-date equipment, each facility works to control costs, purchase responsibly, care for all equipment, and provide outstanding programs, services, education and training for our members.

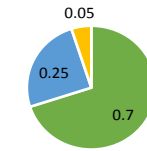
Program and event success

HRCA continues to attain its goal to create and maintain a positive satisfaction rate from current program participants. Events enhance the quality of life in our community and are consistent with our motto of living intentionally.

The annual budget for the HRCA is a financial and operational document that is designed to carry out the obligations of the HRCA. The annual budget process starts in mid-June and ends in mid-November. The process includes internal staff preparation, direction from the CEO and Board of Directors, meetings with the Finance Committee, and input from the Delegates throughout the preparation process. The annual assessment amounts, annual expenses between the Administrative and Recreation Fund are established during the budget process. Throughout the year the HRCA staff, Finance Committee, and Board of Directors monitor budget versus actual results, and a financial audit is completed each year. More information, including the full 2019 HRCA budget, may be found at www.HRCAonline.org/budget.

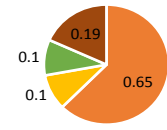
For the year ended December 31, 2018 HRCA financial results are summarized as follows:

2018 Operating Revenues

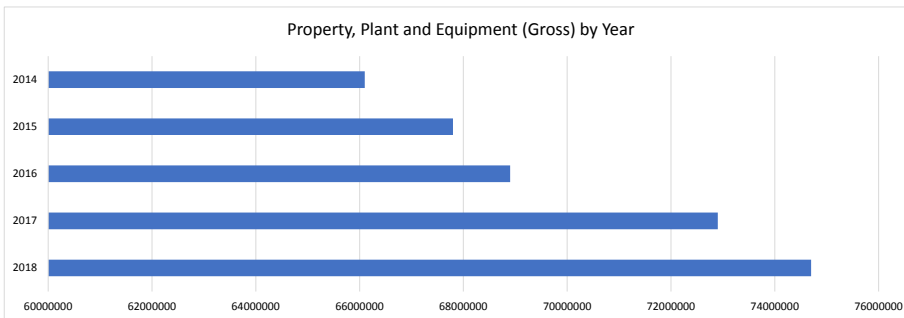


- ASSESSMENTS
- PROGRAMS & EVENTS
- FACILITY OPERATIONS

2018 Operating Expenses



- REC/BC/COMM EVENTS/PROGRAMS
- MANAGEMENT & G&A
- TRANSFERS FOR RESERVES
- TRANSFERS FOR DEBT SERVICE



Annually, HRCA saves for future repair and replacement costs (reserves), performs improvements and repairs on our facilities and equipment, and purchases additional equipment and recreational amenities to serve our members (capital). To anticipate future needs, the HRCA utilizes a 30-year reserve study, over the last 5 years, the total fixed assets of the association have increased from \$66 million to \$75 million.

In addition to planning for operations, reserve and capital purchases, HRCA plans for the future liquidity of the Association by monitoring the on-going fund balance. Over the past 5 years the HRCA's fund balance has increased from \$20 million to \$35 million. In order to ensure future liquidity and anticipate future needs for all facets of HRCA's business, we are working on a 20-year pro forma income statement, which will be utilized for long-term budget and forecasting.



2019 Community and Cultural Events

- | | | | | |
|--------------------------------------|---------------------------------|-----------------------------------|----------------------------|--------------------------------------|
| JANUARY | APRIL | 8 Classic Car Show | 7 Adult Swim Night | 25 TR Spooktacular Dance |
| 10 Winter Cultural Series | 5 Dueling Pianos Show | 13 Summer Concert Series | 9 HR Mountain Bike Race | 27 Haunted Hayride |
| 18 Family Magic Show | 6 Cultural Arts / Summer Expo | 14 Happy Hour 1/2 K Race | 8 Jazz at the Mansion | 28 Trick-or-Treat Street |
| 19 Pirate Party | 6 9Health Fair | 20,27 Summer Concert Series | 9 Film in the Park | 22,16 Haunted Hayride |
| 24 Winter Cultural Series | 9 Volunteer Fair | 30 Culture on the Green | 16 Film in the Park | 27 Farmers' Market Ends |
| 26 Adult Glow-in-the-Dark Yoga | 13 Tequila and Tacos Tasting | JULY | 16 Rotary Peach Sale | NOVEMBER |
| FEBRUARY | 20 Easter Egg Hunt | 4 July 4th Celebrations | 19 Pottery Sale | 2 Sip & Savor with the Experts |
| 1, 2 Father/Daughter Sweetheart Ball | 25 Volunteer Fair | 4 July 4th Independence Day 5K | 23 Summer's Sunset Concert | 2 Backcountry Half Marathon |
| 2 Chinese New Year Celebration | 29 Pottery Sale | 10 Adult Swim Night | 24 Wildcat Trail Race | 2 Jewelry & Holiday Gift Fair |
| 7 Winter Cultural Series | MAY | 11 Summer Concert Series | SEPTEMBER | 7 Curtain Call at the Mansion |
| 9 Spirit Tasting - Tiki Cocktails | 3 Taste of Highlands Ranch | 13 Roses in the Ranch | 5-7 Highlands Ranch Days | 9 Classical Music Series |
| 21 Winter Cultural Series | 5 Encore Chorale Spring Concert | 17 HR Mountain Bike Race | 7 Doggie Splash & Pet Expo | 9 Senior/Adult Health Info Fair |
| 22 TR Sweetheart Dance | 5 Farmers' Market Every Sunday | 18 Summer Concert Series | 14 E-Recycling/Shredding | 11 Pottery Sale |
| 24 Spirit Tasting | 11 E-Recycling/Shredding | 19 Elk Hunt Banquet | 21 Oktoberfest | 16 Nutcracker Highlights |
| MARCH | 11 Mother's Day 5K | 20 Touch-a-Truck | 21 Oktoberfest 5K | DECEMBER |
| 2 Internations Wine | 18 Hooked on Fishing | 24 HR Mountain Bike Race | 28 Baccountry BBQ | 6 Hometown Holiday |
| 2 Backcountry Gear Swap | 24 Culture on the Green | 25 Summer Concert Series | 28 Indoor Garage Sale | 7 Holiday Princess Tea Party |
| 16 St. Patrick's Day 5K | JUNE | 26 Culture on the Green | OCTOBER | 12 Christmas Classical Music Concert |
| 20 Fiesta for All Concert | 1 Backcountry Shindig | AUGUST | 10 Paranormal Party | 14 Breakfast with Santa |
| 23 Spring Bazaar | 1 Highlands Ranch Beer Festival | 2 Film in the Park | 12,13 Fall Craft Show | |
| 23 Princess Tea Party | 5 Adult Swim Night | 3 Oaked and Smoked Tasting | 17 Classical Music Series | |
| | 6 Summer Concert Series | 3 Splash Mash Dash Kids Triathlon | 18,19 Haunted Forest | |