LIVE LIFE
the way it was intended

Highlands Ranch Community Association

ANNUAL REPORT
2018
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
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.

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**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.

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**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

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**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.

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**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.

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**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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rec / BC / Comm Events / Programs</td>
<td>0.65</td>
</tr>
<tr>
<td>Management &amp; G&amp;A</td>
<td>0.1</td>
</tr>
<tr>
<td>Transfers for Reserves</td>
<td>0.19</td>
</tr>
<tr>
<td>Transfers for Debt Service</td>
<td>0.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20,000,000</strong></td>
</tr>
</tbody>
</table>

### 2018 Operating Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>0.7</td>
</tr>
<tr>
<td>Programs &amp; Events</td>
<td>0.25</td>
</tr>
<tr>
<td>Faculty Operations</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19,700,000</strong></td>
</tr>
</tbody>
</table>

**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
- Winter Cultural Series
- Family Magic Show
- Pirate Party
- Winter Cultural Series
- Adult Glow-in-the-Dark Yoga

#### FEBRUARY
- Father/Daughter Sweetheart Ball
- Chinese New Year Celebration
- Winter Cultural Series
- Spirit Tasting - Tiki Cocktails
- Winter Cultural Series
- TR Sweetheart Dance
- Spirit Tasting

#### MARCH
- Internations Wine
- Backcountry Gear Swap
- St. Patrick’s Day 5K
- Fiesta for All Concert
- Spring Bazaar
- Princess Tea Party

#### APRIL
- Dueling Pianos Show
- Cultural Arts / Summer Expo
- Health Fair
- Volunteer Fair

#### MAY
- Taste of Highlands Ranch
- Encore Gourale Spring Concert
- Farmers’ Market Every Sunday
- E-Recycling/Shredding

#### JUNE
- Backcountry Shindig
- Highlands Ranch Beer Festival
- Adult Swim Night
- Summer Concert Series

#### JULY
- July 4th Celebrations
- July 4th Independence Day 5K
- Adult Swim Night
- Summer Concert Series

#### AUGUST
- Film in the Park
- Oaked and Smoked Tasting 5
- Splash Bash Dash Kids Triathlon

#### SEPTEMBER
- Highlands Ranch Days
- Doggie Splash & Pet Expo
- E-Recycling/Shredding

#### OCTOBER
- Paranormal Party
- Fall Craft Show
- Classic Music Series

#### NOVEMBER
- Sip & Savor with the Experts
- Backcountry Half Marathon
- Jewelry & Holiday Gift Fair
- Curtain Call at the Mansion

#### DECEMBER
- Haunted Hayride
- Trick-or-Treat Street
- Haunted Hayride
- Farmers’ Market Ends

**ADVENTURE • CHOICE • COMMUNITY • CULTURE • VALUE**