



**HIGHLANDS  
RANCH**  
COMMUNITY ASSOCIATION



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**ANNUAL  
REPORT**

# GENERAL MANAGER MESSAGE

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As I reflect on this past year, I wanted to take the time to thank our staff and the multitude of community volunteers that make HRCA the premier "Community Association" in the country. Our Board of Directors has set a policy that employs sound fiscal oversight, efficient operational standards, and prudent planning for our future needs; our Board members work as tireless advocates of our community. The governance of HRCA is unique, as a district delegate represents every neighborhood in our community. These dedicated volunteers (94) attend meetings, participate on ad-hoc committees, approve budgets/expenditures for our recreational amenities, and elect our Board of Directors. We had a highly successful year together, implementing operational efficiencies, offering new amenities, and re-evaluating all facets of our business model. For over 40 years, the HRCA has been enhancing property values and creating a fantastic quality of life for over 100,000 community members. Our "Strategic Plan" is to keep the HRCA on course during the current economic climate and prudently plan for the future needs of our community. The HRCA focuses on building the lifestyle you want to live so that Highlands Ranch will continue to be an excellent place for generations.

In 2022, HRCA focused on Operational Excellence in Architectural/Covenant Control, Fiscal Management, Backcountry Recreation, Recreation Facilities, and our Community Events and Programs. The HRCA prides itself on being the nation's most extensive and affordable planned community development, offering amenities second to none, a plethora of events/programs, and access to our Backcountry Wilderness Area.

Our initiatives included upgrading our software system(s), focusing on security, and enhancing member experience and satisfaction. We conducted a SWOT analysis of our administrative practices and restructured and implemented practices that have proven fiscally prudent and efficient. Our partnerships with Douglas County, CLAC, HRMD, and the Economic Chamber Board provided meaningful discussions and collaboration with our community partners.

HRCA is committed to the conservation of the Backcountry Wilderness Area. In 2022, HRCA initiated the process for the construction of the "Backcountry Conservation/Education Center" to further enhance our current curriculum and conservation efforts.

In 2022, 1.3 million visits were logged at four state-of-the-art recreation facilities. Staff oversaw renovations and upgrades at each facility in 2022. Each facility houses gymnasiums, a running track, free weights, and circuit training equipment. Our centers have over 300 exercise machines, 19 bodies of water, sauna/steam rooms, tennis courts (out and indoor), pickleball courts, indoor artificial turf, batting cages, golf simulators, and a community auditorium with a stage. On a weekly average, over 175 programs/classes are offered at our centers, providing comprehensive and varied opportunities for our members. Staff conducted a rigorous review of our Reserve Study, ensuring that inventory and building components at each facility were properly identified and scheduled to be updated promptly at their expiration date.

Our commitment to Operational Excellence will continue in 2023. We openly solicit community input and suggestions to enhance our operations and planning efforts; after all, what we do, we do for you!

My Best,



# ENHANCING PROPERTY VALUES AND CREATING QUALITY OF LIFE THROUGH: FACILITIES

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**1.3  
MILLION  
VISITS**

In 2022, the combined usage of our recreation facilities exceeded **1.3 million** visitations. While numbers have not fully returned to the pre-COVID threshold, they continue trending toward the 1.5 million visitor mark. As 2022 ended, an invigorated focus was placed on streamlined access and enhanced member experience.

**FACILITY  
UPDATE**

Capital improvements remain a top priority. Work was completed at each facility, addressing budgeted operational needs as identified in our Reserve Study. Significant accomplishments included the Eastridge renovation, the Southridge multi-sport simulator, and the addition of Pickleball courts at Westridge. The Pickleball courts brought in over 8,000 participants from the opening through December, and our multi-sport simulator at Southridge has been booked solid since opening.


**319  
PARTIES**

Eastridge and Southridge facilitated 267 birthday party rentals in the aquatics department; with an additional 52 birthday party rentals at Westridge. Revenue of \$53,000, exceeded budget forecasts by \$15,000.

**STAFF**

HRCA employs approximately 900 individuals. Our opportunities are diverse, and we actively recruit teens and seniors. In 2022, **242** employees were recruited, hired, and trained in the Operations Department. New employee training is a critical part of the hiring process as it instills the values, mission, and goals of HRCA. It also teaches employees how to be successful in their new roles.

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# ENHANCING PROPERTY VALUES AND CREATING QUALITY OF LIFE THROUGH: BACKCOUNTRY

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**\$1  
MILLION**

The Backcountry programs exceeded \$1 million in revenue in 2022. Programs and camps were booked throughout the year, often with waitlists as awareness continued to increase. The Backcountry 501(c)3 added over \$100,000 to the total operating budget in 2022.

**1,000  
CAMPERS**

Camp Backcountry had over 1,000 campers last year who participated in environmental education. The expansion of the Wild Roots Nature Preschool continued, and staff is participating in a state working group to establish outdoor preschool licensure.


**\$100K  
IN  
GIVING**

The 501(c)3 Backcountry Wilderness Area Fund met budget expectations. The community programs were reorganized to run under the 501(c)3 to be more cost-effective for our community members. Two new events and free discovery days were added to the event calendar. Due to the fund's success, it contributed over \$100,000 to the Backcountry budget for natural resource work and education programs.

**WORK  
IN  
PROGRESS**

The Backcountry maintained 26 water resources to provide year-round water for wildlife. Over 160 acres of Cheatgrass and 60 Ponderosa Pine Trees were treated and thinned for fire mitigation and habitat improvement. The winter closure of the Wildcat Mountain Trail System was successful and helped elk return in higher numbers.

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# ENHANCING PROPERTY VALUES AND CREATING QUALITY OF LIFE THROUGH: PROGRAMS

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**\$280K  
IN  
GRANTS**

Arts and Education secured \$280,000 in grant funding for preschool classroom improvements, staff retention, and facility enhancements, including new carpet, flooring, and cabinets. Preschool registration now has a user-friendly digital option. Staff is working with the state to add Universal Preschool to our class listings in the fall of 2023, which is a state-mandated program.

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**8,500  
TOTAL**

The Aquatics Program had over 8,500 participants, representing a 29% increase from 2021. The summer swim team successfully relaunched after a three-year COVID hiatus and had 130 swimmers. The PEAK swim challenge for adults was introduced, and twenty adults swam over 100 miles. Staff facilitated 2400 private lessons in 2022.

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**6 NEW  
COURTS**


The creation of six new Pickleball courts at Westridge and the administration of four fall leagues was met with great excitement from the community. The tennis pavilion operating hours were reduced to eliminate 30 minutes per day of underutilized court time, saving operational costs and improving efficiencies.

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**100  
PER  
WEEK**

Group fitness revenue is up 35% from 2021, and classes are back to operating at the full fitness schedule with over 100 classes per week. New procedures were implemented, allowing instructors to initiate check-ins directly. This updated system allows for more accurate data and audits.

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# ENHANCING PROPERTY VALUES AND CREATING QUALITY OF LIFE THROUGH: ASSESSMENTS, CIS & I.T.

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**24  
HOURS**

The home improvement submittal process was revised and structured for efficiency, allowing residents to receive approvals for basic improvements within a 24-hour business period. New state laws required that a new covenant enforcement process be implemented. Operational changes were implemented in the residential and commercial compliance inspection process, addressing the needs of our community.

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**5  
MONTHS**

During the five-month Eastridge Renovation, departments were relocated- and continued the provision of services without interruption to our members. Staff utilized the relocation time to conduct a significant clean-up of archived material and implemented efficiency measures.

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**STAFF**


Our administrative SWOT analyses identified the need for restructuring various departments. Automated and streamlined processes were implemented, resulting in the reallocation of staffing resources and the downsizing of the assessment division from 5 FTE to 2.5 FTE. An in-depth review of our IT endeavors transpired at all levels of engagement. Implementing new practices and procedures will reduce administrative expenses by \$300k annually.

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**I.T.  
UPDATE**

In Q3 of 2022, new processes were implemented to enhance the I.T. Department. Bids were received on replacing and upgrading integral backup systems, switches, and better rack management. Contract management services were reduced and brought back in-house, and an IT Network Engineer was onboarded. The restructuring is projected to reduce costs by \$80k annually.

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# ENHANCING PROPERTY VALUES AND CREATING QUALITY OF LIFE THROUGH: FINANCE

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## AUDIT

The Finance team selected a new audit firm, Haynie & Company, to conduct the annual audit. Haynie & Company is a trusted CPA Firm with extensive audit experience. They provide internal and external audits for businesses throughout the United States. They will thoroughly examine The HRCA's financial information and documentation.

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## BEST PRACTICES

2022 saw many staffing updates within the Finance Department. During the onboarding, staff has focused on implementing best practices for the day-to-day accounting, including journal entries, reconciliations, checklists, and reporting. The Finance Committee also added another member to ensure the proper financial check and balances are occurring.

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## \$200K EARNINGS


Through a treasury simplification process and the closing of 8 accounts/CDs, The HRCA identified several avenues of interest revenue. Funds were moved accordingly, resulting in an additional \$200K in earnings through incremental interest.

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## BUDGET

The 2023 budgeting process was managed, and the material budget to actual variances were identified. This process allowed for a structural reorganization and the onboarding of a Corporate Compliance Director to oversee monthly reviews of budget to actual variances.

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# ENHANCING PROPERTY VALUES AND CREATING QUALITY OF LIFE THROUGH: COMMUNITY RELATIONS

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## EVENTS

The Community Relations department planned and executed 83 events in 2022. They hosted 35 events through the HRCAA 501(c)3 and 48 events through HRCA. These events provide Highlands Ranch residents the opportunity to experience cultural and special events, further advancing our mission of enhancing the lifestyles of our residents.

## \$50K RAISED

The Beer Festival returned to The HRCA after a 2-year COVID hiatus. The event registration fees support the Highlands Ranch Community Scholarship Fund. The event was sold out and raised \$50,000 for the Fund. The Scholarship Fund is entering its 20th year of awarding scholarships to graduating seniors; since inception, HRCA has provided an astounding \$603K in scholarship funds. The tradition will continue in 2023, with twenty \$2,500 scholarships awarded.


## 43 FREE EVENTS

Forty-three of the events that HRCA planned in 2022 were free to the public, making the community an even better place to live. Some free events were our Summer Concert Series, the Easter Egg Hunt, Coffee with a Cop, and Hometown Holiday. The free events further the Board's vision and objectives for the future by inviting the community in and helping them thrive within the community.

## 25K PEOPLE

The Summer Concert Series is a signature offering in Highlands Ranch. The series took a 2-year COVID hiatus and returned in 2022. The attendance was remarkable, with over 25,000 individuals joining HRCA throughout the summer months. These free family events often showcase local and regional bands.

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# A LOOK AHEAD

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## FACILITIES

- 2023 will prioritize customer service through the creation of a program that re-energizes the HRCAs efforts over the past to bring customer service back to the forefront.
- Staff is working on curriculum through Xplor University to increase the supervisory and staff training programs.
- A comprehensive analysis of the Reserve Study will identify needs and revise project priorities in preparation for 2024 and beyond.
- Facility updates and capital improvements will include the Eastridge locker rooms, Northridge skylight replacement, and new exercise equipment at Northridge, Southridge, and Westridge.

## BACKCOUNTRY

- In 2023, Backcountry efforts will focus on continuing to work on the Backcountry Conservation/Education Center project alongside Douglas County to complete the Amendment process to the Planned Development Guide.
- Expanding public access to Base Camp through an interpretive trail with low-cost/free programming funded by the 501(c)3. Additionally, with the non-profit reaching five years since its origin, the Backcountry is now eligible to hold raffles that aid in increased efforts in fundraising.
- The Backcountry will continue to offer high-quality, affordable programs emphasizing environmental education, nature, and equine programs. It will provide outdoor recreation through trails, archery ranges, and unique experiences such as wilderness survival, full moon hikes, elk bugling tours, and hunts.
- High-impact habitat improvements, fire mitigation, and conservation efforts will remain at the forefront of the Backcountry's focus.

## PROGRAMS

- The Universal Preschool program will be added to our classes in the fall of 2023 as it is now a state-mandated program. 2023 started with the addition of a toddler preschool classroom at Eastridge, which added \$50,000 to our revenue.
  - The HRCA is onboarding a Pickleball Pro to offer additional programming opportunities in 2023, including lessons, clinics, drills, and leagues.
  - Learn to Swim programs started 2023 off strong, transitioning the program to the Starfish Swim Program with over 180 swimmers enrolled.
  - The Sports Department is partnering with Children's Hospital to promote concussion and nutrition education to help coaches and players.
  - The addition of the Stages indoor cycle bikes, interactive displays, and videos at Westridge has allowed the offering of more classes to members.
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# A LOOK AHEAD

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## ASSESSMENTS, CIS & I.T.

- With the recent change to NetSuite ACS Optimize, the team is working on streamlining efficiencies and focusing on building better internal reporting practices.
- The CIS department will restructure workflows regarding the home improvement process and revamp website forms.
- The Southridge audio/visual refresh happening in 2023 will increase communication within the community and allow our meetings and events to reach residents more efficiently.
- Current negotiations with our IT support contractor are projected to save the HRCA an additional \$65,000.

## FINANCE

- Reaching 100% reconciliation of all balance sheet accounts up to new departmental standards will be a significant focus for 2023.
- The procurement process update will improve controls and efficiencies. This update will include changes to the purchasing policy, rolling out new pcards, and reviewing NetSuite options for automation.
- A new financial reporting process will follow the incorporation of monthly departmental profit and loss meetings.
- A zero-based budget for staffing expenses will be the HRCA standard in 2023.
- A contract review and approval process will be implemented after the extensive study of each HRCA contract is completed. This will include each department's current and future contracts. Pushing contracts through contract software will streamline this process.

## COMMUNITY RELATIONS

- In 2023, Com-Rel, Finance/Corporate Compliance will collectively review Community Partnership contracts ensuring both parties mutually benefit from the relationship.
- Further development of the monthly event reporting to the Board outlining cost, attendance, audience, and purpose to guarantee the HRCA resources are being used efficiently.
- Implementation of an editorial calendar for streamlining marketing and communications.
- Continue to offer new and improved cultural events through the HRCAA 501(c)3 to utilize SCFD grant funds and educate community members of all ages.
- After recognizing the need for company-wide brand consistency, the department is updating The HRCA newsletter, activity guide, and internal/external communications to have the same look and feel. A marketing consultant was contracted to aid in evaluating our current marketing practices; findings will be reported back to HRCA in Q1 of 2023.