

**MONTGOMERY VILLAGE FOUNDATION**  
**TREASURER'S REPORT**  
**December 31, 2018**

**Treasurer's Summary**

The results shown below are for the year ended December 31, 2018 and are **DRAFT & UNAUDITED estimates** based on managements' work that has been completed to date. Management anticipates additional year-end adjustments and accruals are possible before the final amounts are provided for the auditors review.

**Estimated Overall Financial Results through December 31, 2018:**

	Operating	Fixed Assets	Reserve	Total
Revenue	\$8,540,905	\$ 0	\$ (138,411)	\$8,402,493
-Operating Expenses	7,015,330	628,761	214,532	7,858,623
-Other/Reserve/capital	<u>1,595,622</u>	<u>(717,604)</u>	<u>(877,424)</u>	<u>594</u>
Net Income	<b>\$ (70,047)</b>	<b>\$ 88,843</b>	<b>\$ 524,481</b>	<b>\$ 543,276</b>
2018 Budget (1)	<b>(427,423)</b>	<b>583,840</b>	<b>185,315</b>	<b>341,732</b>

(1) The 2018 budget planned to use \$427,423 of the MVF Fund accum. undesignated reserves.

Estimated Fund Balances	<u>12/31/2017</u>	<u>Est. Income</u>	<u>12/31/2018</u>
MVF/UF	1,087,616	(162,307)	925,309
DU	359,831	11,688	371,519
Management	<u>215,594</u>	<u>80,570</u>	<u>296,165</u>
<b>Operating Fund</b>	<b>\$1,663,041</b>	<b>\$ (70,048)</b>	<b>\$1,592,993</b>

The following summarizes some additional financial information through December 31, 2018:

- Reserve Fund contributions were made in the amount of \$1,250,918 as prescribed in the 2018 budget.
- Estimated year to date Capital Reserve expenditures totaled \$688,663 vs. \$1,619,682 in 2017.
- Capital contribution fees through December were \$315,169 vs. \$178,530 in 2017.

**Balance Sheet:**

As of the end of December 2018, MVF continues to maintain a solid financial position with \$8.2M of its \$18.1M assets (45.6%) currently invested in marketable securities or bank/money market accounts. MVF's undesignated operating reserves are over \$1.6M and net reserve fund assets are \$6.1M.

## Investment Activity:

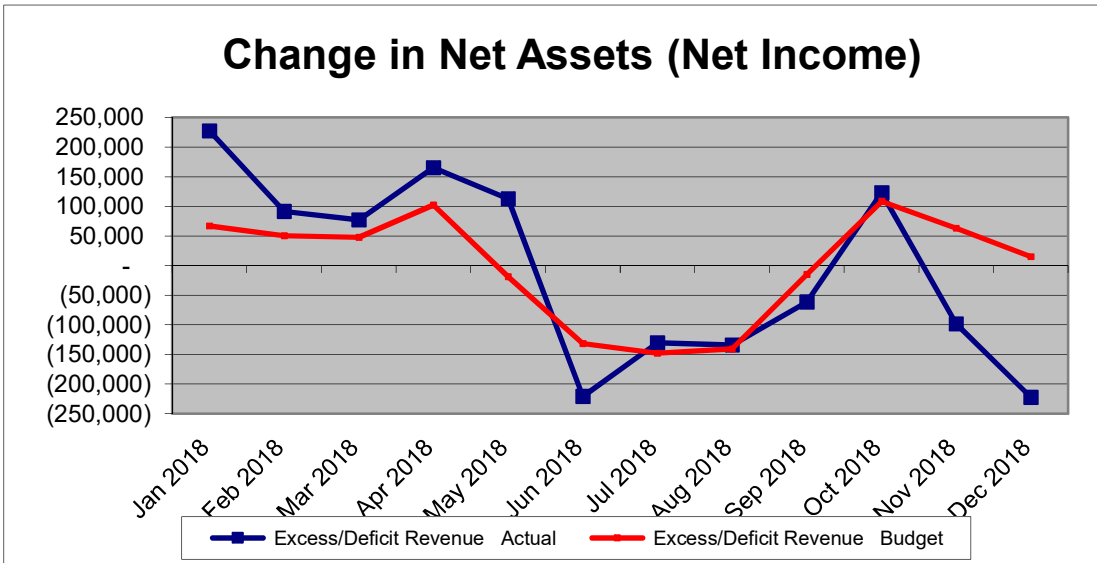
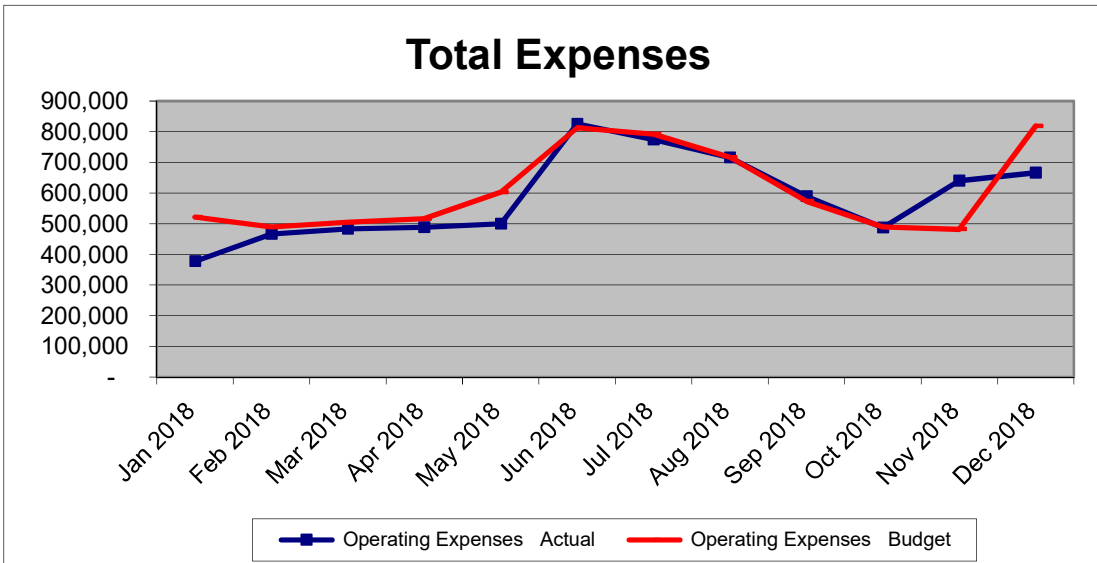
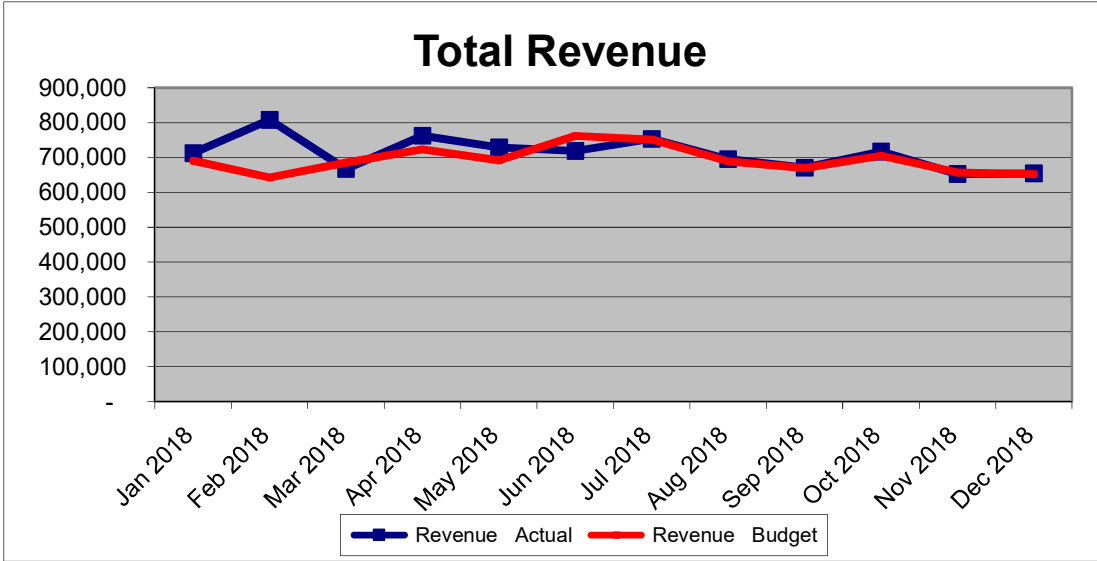
Results for the investment portfolio are presented below:

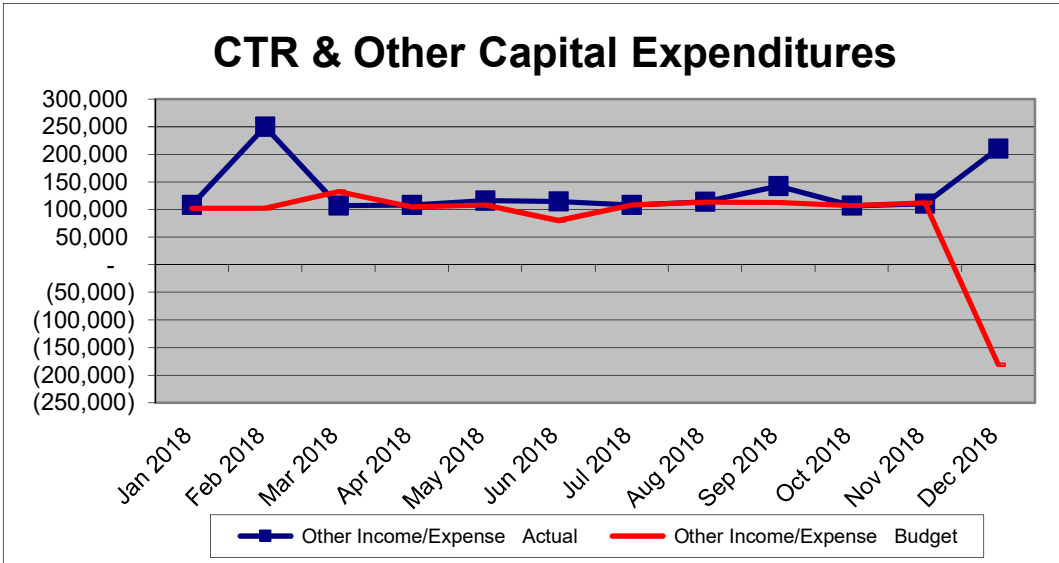
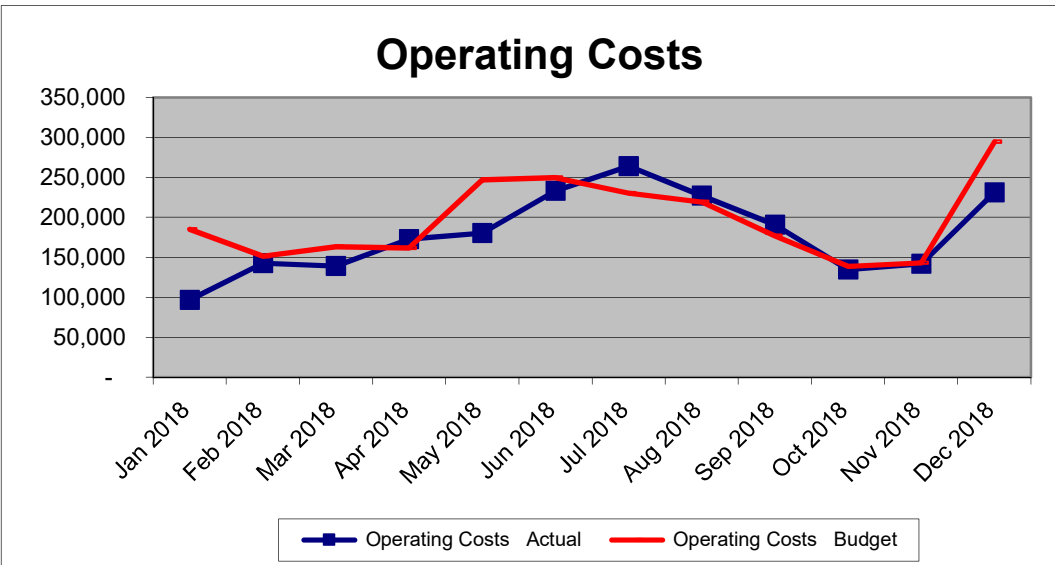
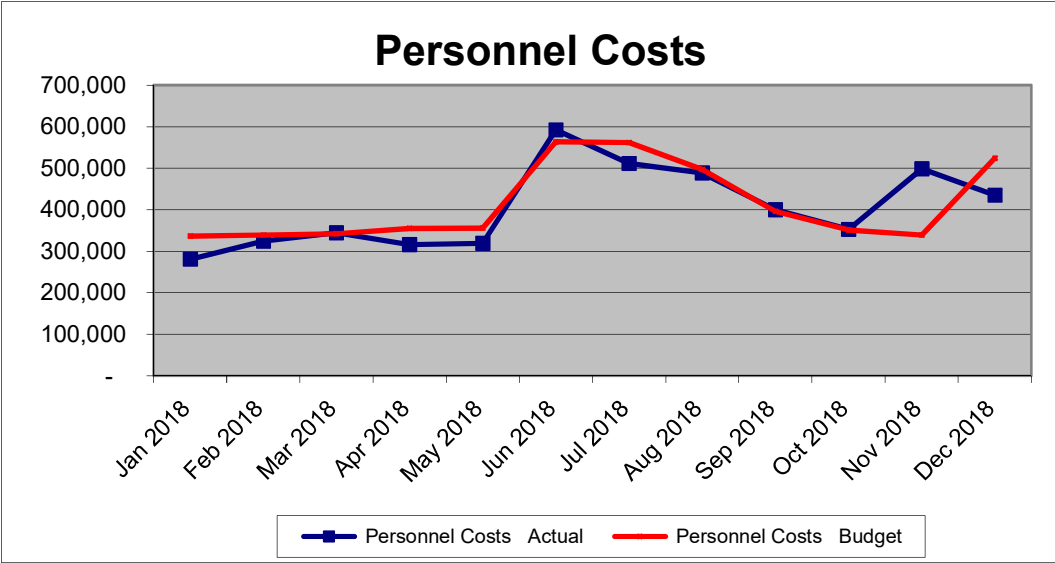
	<b>Allocation</b>	<b>'18 result</b>	<b>'18 Benchmark</b>	<b>'17 Result</b>
Equity	29%	-9.4%	-9.1%	+17.7%
Fixed Income	64%	+1.1%	+0.9%	+2.0%
Inflation Hedges	3%	-2.2%	-3.5%	+4.2%
Cash	4%			
<b>Overall</b>	<b>100%</b>	<b>-2.8%</b>	<b>-3.1%</b>	<b>5.9%</b>

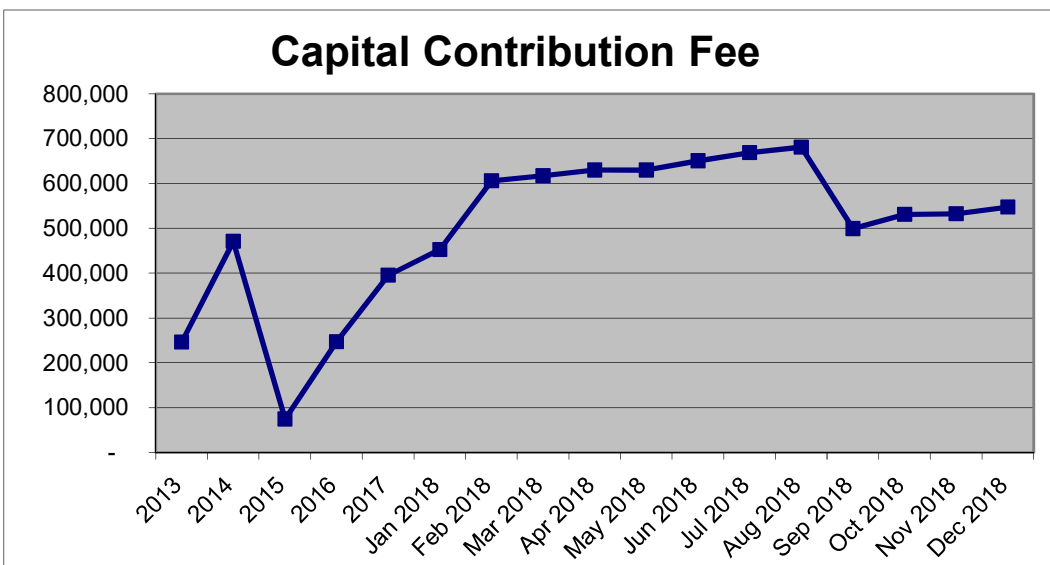
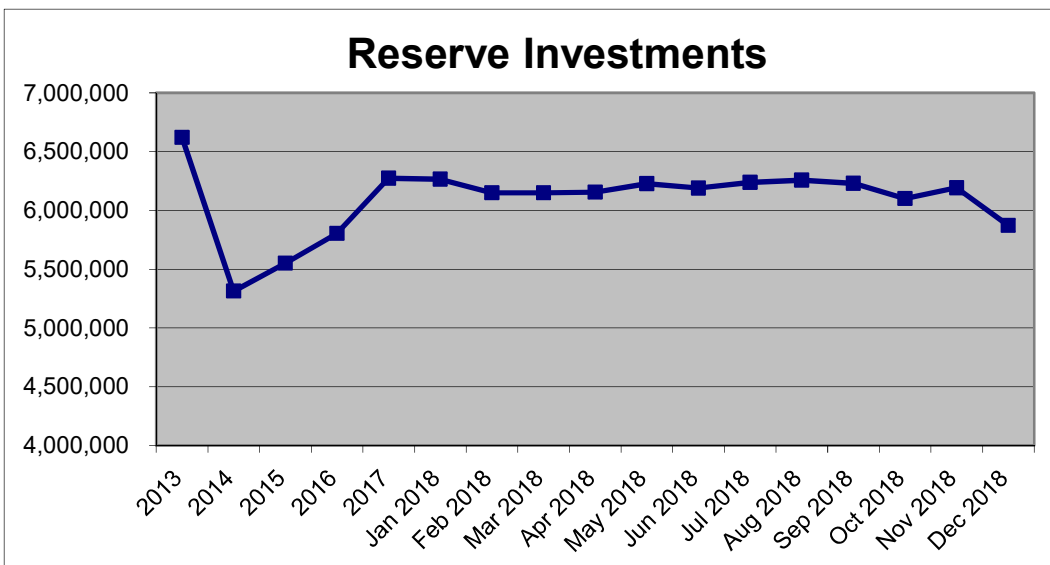
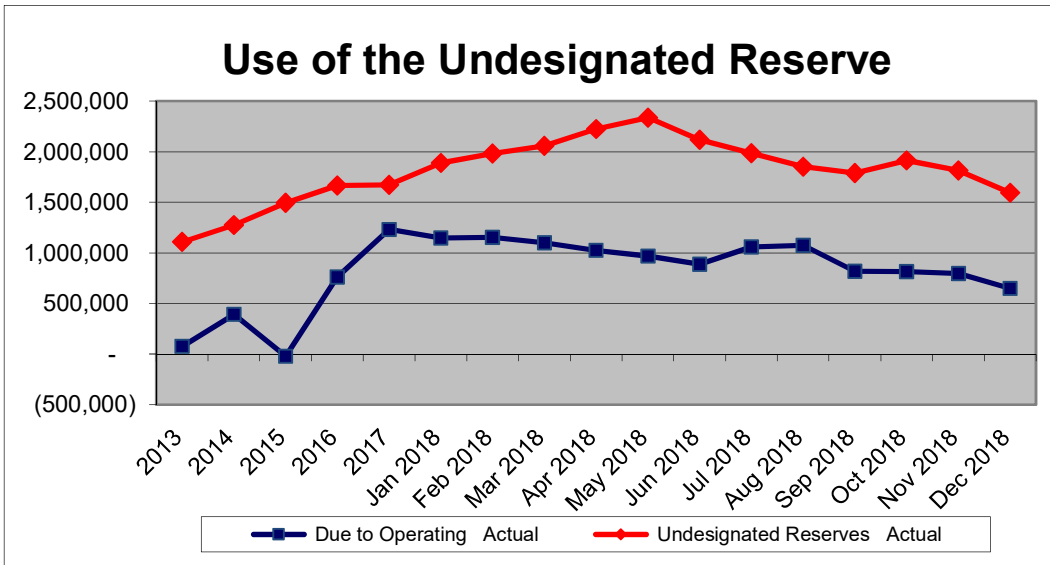
Overall the portfolio is down 2.8% for the year compared to the benchmark of a 3.1% loss. Over the last 3 years, MVF has added nearly \$430,000 in net investment returns to its reserve portfolio versus \$19,000 from 2012 to 2015.

## Q4 2018 Delinquency Report & Bad Debt Write-offs:

2018 ended as another highly successful year for the collections staff. Continuing the excellent work from 2017, the department achieved all goals set last January which included ending the year with 622 delinquent units (635 in 2017) and a delinquency rate of 7.3% versus 7.5% a year ago. The 7.3% rate marks eight consecutive quarters below 8% and the fifth consecutive 4th quarter drop in the delinquency rate! Write-off's for the year were in-line with last year: \$59,158 (2018) vs \$60,941 (2017). At the beginning of 2018, MVF's allowance for bad debts was at \$161,000 and we finished the year with a balance of \$114,000. MVF management is recommending to raise the allowance by the budgeted amount of \$60,000. This will bring the allowance for bad debts balance to about \$175,000.





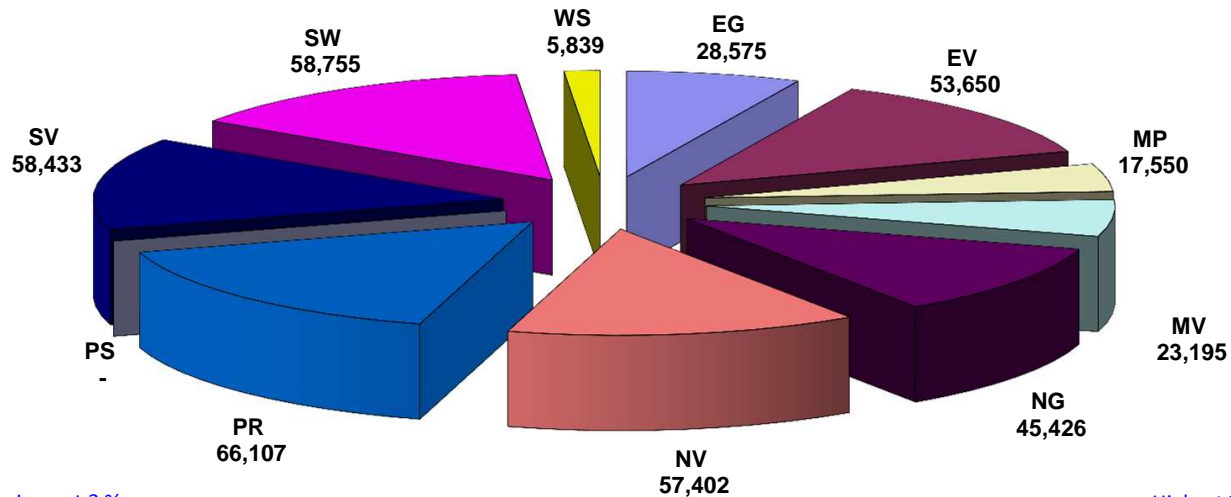


# ANALYSIS OF DELINQUENT MVF ACCOUNTS

December 31, 2018

HOMES CORPS	(Quarterly)		Total Units	Delinquent Units	% Delinquent Units	Last 12 Months Assessments	\$ Delinquent	% of Total Delinquent
	Eastgate	EG	443	32	7.2%	300,886	28,575	9.5%
East Village	EV	1,389	97	7.0%	943,409	53,650	5.7%	
Maryland Place	MP	276	26	9.4%	187,459	17,550	9.4%	
Middle Village	MV	528	35	6.6%	256,176	23,195	9.1%	
Northgate	NG	1,149	84	7.3%	780,401	45,426	5.8%	
North Village	NV	888	77	8.7%	603,130	57,402	9.5%	
Patton Ridge	PR	1,072	96	9.0%	728,102	66,107	9.1%	
Poplar Spring	PS	18	-	0.0%	12,226	-	0.0%	
South Village	SV	1,010	67	6.6%	624,527	58,433	9.4%	
Stedwick	SW	1,260	95	7.5%	855,792	58,755	6.9%	
Whetstone	WS	447	13	2.9%	303,602	5,839	1.9%	
<b>Totals</b>		<b>8,480</b>	<b>622</b>	<b>7.3%</b>	<b>5,595,709</b>	<b>414,933</b>	<b>7.4%</b>	

### Delinquent \$\$\$ - Q4 2018



Lowest 3 %  
 Whetstone - 1.9%  
 East Village - 5.7%  
 Northgate - 5.8%

Highest 3 %  
 Eastgate - 9.5%  
 North Village - 9.5%  
 Maryland Place - 9.4%

**COMPARISONS OF DELINQUENCY RATES 2008-2018**

<b>HOMES CORPS</b>	<b>Year</b>	<b>Delinquent Units %</b>				<b>Delinquent \$\$</b>			
		<b>1st Qtr #</b>	<b>2nd Qtr #</b>	<b>3rd Qtr #</b>	<b>4th Qtr #</b>	<b>1st Qtr \$</b>	<b>2nd Qtr \$</b>	<b>3rd Qtr \$</b>	<b>4th Qtr \$</b>
	2018	7.8%	6.8%	6.7%	7.3%	7.3%	7.1%	7.2%	7.4%
	2017	7.9%	7.0%	6.7%	7.5%	8.2%	7.8%	7.6%	7.8%
	2016	8.8%	7.5%	6.9%	8.0%	10.3%	9.6%	9.0%	8.8%
	2015	10.2%	8.8%	7.8%	8.5%	12.9%	11.6%	10.8%	10.5%
	2014	11.6%	9.8%	9.7%	11.0%	13.5%	12.7%	12.8%	13.1%
	2013	11.1%	9.2%	10.7%	11.1%	12.1%	12.0%	12.6%	13.1%
	2012	10.2%	8.7%	11.0%	10.6%	10.0%	9.9%	11.1%	11.5%
	2011	10.0%	8.2%	10.1%	10.9%	8.8%	8.2%	8.9%	9.9%
	2010	9.6%	8.3%	9.5%	11.0%	7.2%	6.8%	7.5%	8.9%
	2009	10.2%	9.2%	10.1%	9.6%	6.1%	6.3%	6.8%	7.0%
	2008	8.7%	7.4%	9.6%	10.2%	4.5%	4.3%	5.3%	5.8%

<b>CONDOS/APTS</b>	<b>Year</b>	<b>Delinquent Units %</b>				<b>Delinquent \$\$</b>			
		<b>1st Qtr #</b>	<b>2nd Qtr #</b>	<b>3rd Qtr #</b>	<b>4th Qtr #</b>	<b>1st Qtr \$</b>	<b>2nd Qtr \$</b>	<b>3rd Qtr \$</b>	<b>4th Qtr \$</b>
	2018	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2016	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2013	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2012	8.8%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.0%
	2011	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2010	6.8%	4.1%	0.0%	0.0%	0.7%	0.2%	0.0%	0.0%
	2009	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2008	4.3%	18.6%	8.4%	8.4%	0.2%	1.9%	0.9%	0.9%

# = Number of delinquent homeowners divided by total number of homeowners

\$ = Total dollars delinquent divided by total annual assessment