



shelter bay community, inc.

Treasurer's Annual Report, FY 2010-2011

FY2010-2011 Operating Budget Performance

Year-to-date financials through the end of March 2011 are summarized below. Our budget for the year included a profit/contingency of \$53,747. To date, we are performing better than budget and are forecasting that at the end of the fiscal year there will be surplus revenues ('profit') to designate toward operating reserves or other needs as determined by the Board of Directors.

This year's budget again included the Supplemental Rent assessment of \$831,929. That amount plus earned interest will be forwarded to Shelter Bay Company at the end of June 2011, for use as payment of the rent under the Master Leases.

Economic and real estate market pressures continue to challenge some of our members' ability to pay their accounts on a timely basis. As a result, the Community's accounts receivables remain a bit higher than normal, but still within a manageable cash flow. Throughout the past year, office staff have been diligent in working with Banks and Servicers on foreclosed Shelter Bay properties, which have high past due account balances. As a result of this hard work, the Community has recovered \$168,012 on these delinquent accounts.

FY 2010-2011 Operating Budget Summary (through March 31, 2011)

	Jul 10-Mar 11 Actuals	Jul 10-Mar 11 Budget	Variance	Annual Budget July 1, 2010 - June 30, 2011
INCOME	1,651,000	1,656,000	Under 5,000	2,236,637
Operating Expense	484,100	490,500	Under 6,400	661,211
Payroll Expense	494,200	504,800	Under 10,600	686,827
TOTAL EXPENSE	978,300	995,300	Under 17,000	1,348,038
NET PROFIT/(LOSS)	672,700	660,700	Over 12,000	888,599
Less Supplemental Rent due to SBayCo on 6/30/11	624,000	624,000	--	834,852
NET PROFIT/(LOSS)	48,700	36,700	Over 12,000	53,747

Special Back Rent Assessment

For those sublessee members paying over time, payments of the special assessment for Back Rent have been steadily coming in. This assessment was levied in May of 2008 for the purpose of paying the \$6.2 million in Back Rent due as a result of the arbitration award for the 2003 rent adjustment. The Back Rent owed to the Tribe was paid in full in November 2009. In order to make the final payment, internal funds were 'borrowed' from both Company and Community funds. As of March 31, 2011, the funds borrowed from the Company have been fully replenished. The remaining \$359,532 due from those members will be used to replenish funds borrowed from the Community's reserves.

FY 2010-2011 Capital Improvement Projects Budget Performance

Since July 2004, the Community has funded over \$2 million in capital improvement projects, including funding of reserves. This year, reserve funds of \$15,000 each were collected and

added to the Water and Sewer Reserve balances. Several capital improvement projects are currently underway, or have already been completed, and a more detailed status of the various capital projects is included in the Manager's report. A comprehensive Capital Facilities Plan, developed to identify all of the Community facilities, systems, and capital needs and projected costs, was formally adopted by the Board on March 16, 2011. This plan will be incorporated into future budgeting strategies, including addressing the need for buildup of reserve funds for future large-scale projects. The table below summarizes the funding expenditures and balances on hand for capital projects.

Capital Budget Summary (through March 31, 2011)

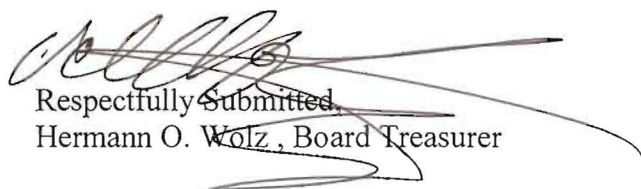
Fund	FY 2004/05 through FY 2010/11 Budgeted	Less Reserves	Plus Re-Allocation	Total Funds Approved	Actual Spent	Funds Encumbered	Balance On Hand
Sewer	295,400	80,000	-4,084	211,316	173,775	0	37,541
Water	263,000	65,000	-5,037	192,963	79,981	0	112,982
Roads	586,800	0	5,273	592,073	556,195	0	35,878
Equipment	56,300	0	1,301	57,601	57,601	0	0
Ditches/ Drains	312,255	0	11,974	324,229	94,542	0	229,687
Admin/ Community	186,000	0	17,754	203,754	194,754	0	9,000
Recreation	87,500	0	-8,443	79,057	73,096	0	5,962
Golf Course	56,760	0	-1,010	55,750	45,750	0	10,000
Greenbelts	125,000	0	0	125,000	86,297	0	38,703
Contingency	69,672	0	-20,997	48,675	0	0	48,675
Totals	2,038,687	145,000	-3,269	1,890,418	1,361,991	0	528,427

Audit of Financial Records

Williams & Nulle, PLLC performed a full audit of the Shelter Bay Community, Inc. (and Shelter Bay Company) financial records for the fiscal year ending June 30, 2010. We are pleased to advise that this firm was again able to provide a clean opinion of our financial statements, as a result of accurate record keeping and tight internal controls for financial management and accounting practices.

Cash Management

A Certificate of Deposit account at People's bank holds funds, in addition to an account at Citi-Smith Barney; funds are in insured accounts at both institutions. Interest rates have been painfully low this year, making it difficult to find low-risk investment opportunities for the Community's funds.


 Respectfully Submitted,
 Hermann O. Wolz, Board Treasurer