

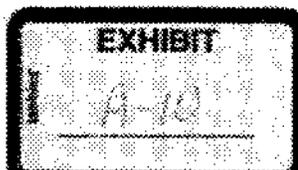
# Heritage Ranch Club Revenue & Expense Policy

## A. General Concepts

1. Clubs whose by-laws have been approved by the Heritage Board of Directors and are in good standing may sell tickets to their events.
2. Ticket sales are subject to State Sales Tax which must be collected and reported by the HOA. Tickets may be purchased from the HOA or through club member sales.
3. Club dues are not subject to sales tax. All other revenue must be recorded by the HOA.
4. Clubs may issue complementary tickets at their discretion. These tickets are not subject to sales tax.
5. Event expenses approved by the club will be reimbursed by the HOA.
6. The HOA will maintain a record of club revenues and expenses and provide those records to the clubs upon their request.

## B. Ticket Sales & Expense Tracking Policy

1. All ticket sales to HOA functions must be processed through the Community Events Director and can be paid for by cash, check, or member account.
2. Club members may sell tickets, but they must be accounted for through the Community Events Director
3. Any expenses incurred for club's productions will be tracked and processed by the Community Events Director. Funds needed for pre-performance expenses will be paid by the HOA and deducted from ticket sales.
4. Net profit will be tracked by the Community Events Director and available to the club any time throughout the year. Reimbursement to the club can be made based on projected future sales.
5. If at year end the club has unused funds, the funds, less any applicable income taxes, will be credited to the Performing Arts Fund, a separate bank account for purchases suggested by the Ballroom Improvements Sub-Committee of the Activities Committee and approved by the HOA Board.
6. Funds that are carried over from one year to another will be shown on the HOA Balance Sheet in the "Performing Arts Fund". The Performing Arts Fund, formerly known as the Ballroom Improvements Fund, is the fund set aside for the Ballroom Improvements Subcommittee of the Activities Committee to fund designated expenditures for items/equipment to enhance the Ballroom on an ongoing basis from a list of prioritized needs. The fund will also be responsible for covering performance rights fees i.e.



ASCAP, BMI, and SEASAC. This fund is not to be used for any other purpose unless agreed upon by the Ballroom Improvements Subcommittee with final agreement from the Activities Committee and the Board of Directors.

7. All tickets sold are subject to sales tax. The HOA will account for the taxes being collected and will file the required forms with the state.
8. The individual clubs may determine the price of tickets and whether the sales tax is inclusive or added on.
9. Clubs may maintain a reasonable petty cash account. In order to replenish their cash account, they will need to submit the receipts for the petty cash expended.

### **C. Club Ticket Sales Procedure**

1. Tickets and Sales Forms will be provided to clubs by the Community Events Director.
2. Each club will provide a liaison to work with the Community Events Director. The liaison will be responsible for distribution of tickets to club members who will sell tickets.
3. A sales form for each ticket seller provides accountability.
4. When a ticket seller "sells" tickets, the buyer's name, club number, and signature will be entered on the form. The buyer will be given tickets at that time.
5. If a ticket sale is made for cash or check, the cash or check must be attached to the form.
6. Sales forms will be processed through the HOA.

### **D. Annual Budget Projection**

1. All clubs/organizations that generate revenue through ticket sales, advertisement or other means and incur expenses during the year will provide to the Activities Committee by September 1<sup>st</sup> a monthly budget for the following year. The budget will forecast anticipated revenue and expenses. The Activities Committee will review each Revenue Generating Club's budget. A final budget will then be presented to the HOA General Manager by October 1<sup>st</sup>.

### **E. Procedure for Clubs not Adhering to Heritage Ranch Club Revenue & Expense Policy**

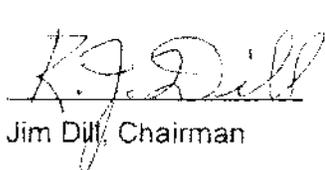
1. All clubs that generate ticket sales and incur expenses during the year must follow the preceding guidelines and procedures stated in Sections A-D.

2. If a club does not follow said guidelines and procedures, it is then the responsibility of the Activities Committee to recommend to the HOA Board of Directors that the club in violation give up its by-law status and become an unaffiliated group.
3. As an unaffiliated group, use of the facilities for meetings or rehearsals would no longer have priority scheduling privileges.
4. If an unaffiliated group plans to charge entry fees to meetings or performances, a room rental fee would be required for each meeting, rehearsal or performance. Clubs would incur room rental fees based on the rates provided by the Outside Sales Director. All proceeds from ticket sales collected would belong to the group and the group would be responsible for paying all franchise and sales taxes.

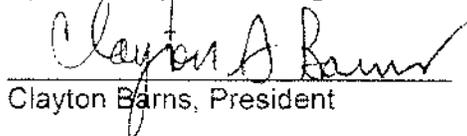
Approved by the Activities Committee

Frank Seestrom, Chairman      December 14, 2009  
Jim Dill, Chairman              January 11, 2010

Version A -                      Approved by the HOA Board, Jan. 21, 2010  
Version B -                      Approved by the HOA Board, Feb. 18, 2010  
Version C -                      Approved by the HOA Board, Jan 16, 2012

      7/19/12  
Jim Dill, Chairman              Date

Approved by the Heritage Ranch HOA Board of Directors:

      7/30/12  
Clayton Barnes, President      Date