

AGENDA
Fiscal Affairs Committee
June 19, 2018

Date: June 19, 2018

Time: 10:30 AM

Place: Admin. Annex

Call to order

Roger Myers, Chair; Nina Campfield, Associate Chair; Tom Sadowski, Director; Stewart Tagg, member at-large; Vicky Mournian, member at-large; Keith Skytta, member at-large; Blaine Nisson, member at-large; Carol Crothers, Board President ex-officio; Cheryl Moose, CFO; Kent Blumenthal, CEO, ex-officio non-voting.

Roll call

Quorum?

Approve 5/15/2018 FAC meeting minutes and 5/25/2018 Special FAC meeting minutes

Committee chair comments:

New business:

- Review May 2018 financial statements – Cheryl
- 2017 990 Information Return discussion-Cheryl
- GVR recommendation for disposition of remaining 2017 surplus after MRR Reserve contribution – Cheryl/Kent
- Budget Subcommittee report on 5/30/18 meeting with Melanie Stephenson in Facilities – Nina/Vicky
- Changes to the Budget Development Policy schedule for FAC review/recommendation and Board review/approval – Roger/Cheryl

Member comments

Adjourn

Next meeting July 17, 2018 at 10:30 AM in the Admin. Annex for 2019 Budget

Minutes

Fiscal Affairs Committee Meeting

Tuesday, May 15, 2018

10:34 AM – Administration Annex

Attendees: Roger Myers, Chair; Nina Campfield, Associate Chair; Stewart Tagg; Tom Sadowski; Stan Riddle; Keith Skytta; Carol Crothers (ex officio), Cheryl Moose, Staff Liaison; David Webster, Staff; Kent Blumenthal, CEO

The meeting was called to order at 10:34. Roll called and a quorum established.

Minutes of the April 19 meeting were noted to contain an incorrect spelling of Tom Sadowski's name. Minutes were approved as corrected. Campfield/Tagg

Chair Myers reviewed the experience of the committee members.

Chair Myers reviewed the Committee's objectives:

- Study and amendment of Budget Development Policy (CPM Appendix I)
- Integrating capital budgets
- Integrate reserve budgeting
- Explore reporting of project costing
- Reserve study subcommittee: review policy and procedure for reserve repayments

The FAC meeting agenda and financial statements will be posted on the Friday before the FAC meeting.

CFO Cheryl Moose reviewed the April 2018 financial statements. There was a question regarding Unrealized Gains/(Losses) on the Statement of Changes in Net Assets. Motion: Approve April financial statements pending review of the Unrealized Gains by the Chair and Associate Chair. Campfield/Tagg. Passed: unanimous. The question was later resolved and the financial statements determined to have been correct as presented.

New Business

Donna Coon, Chair of the Planning & Evaluation Committee presented 5 motions that were passed by the P&E Committee and will be on the May 22 BOD Meeting agenda.

1. \$133,000 for Pickleball site development and design, permitting etc.
2. \$24,000 for repair of 1 Volleyball Court and replacement of the 2nd; partially a safety issue.
3. \$6,000 for WSM to evaluate alternative sites for Lapidary Club expansion.
4. \$3,800 for WSM to evaluate site at Desert Hills for Table Tennis.
5. \$118,000 to replace surface of Las Campanas Tennis Courts; safety issue.

There was a discussion regarding the best process for bringing projects to the Board.

Motion to adjourn at 12:25 PM. Skytta/second. unanimous

Minutes

Special Meeting of the Fiscal Affairs Committee

May 25, 2018

The meeting was called to order by Chair Myers at 9:20.

Roll was called. Present: Chair Myers, Associate Chair Campfield, members Stewart Tagg, Vicky Mournian, Keith Skytta, Stan Riddle, Blaine Nissan, Director Crothers.

Agenda: To designate funding source for 4 capital projects approved at the May 22, 2018 meeting of the Board of Directors.

1. Moved by Blaine Nissan/seconded. The Fiscal Affairs Committee designates the Initiative Reserve Fund as the funding source for the \$133,000 approved for professional architecture and engineering services from WSM Architects for the 24-court Pickleball Center, as approved May 22, 2018 by the Board of Directors. Passed: unanimous
2. Moved by Blaine Nissan/seconded. The Fiscal Affairs Committee designates operating cash as the funding source for an amount not to exceed \$5,000 for professional services from WSM Architects to evaluate the shuffleboard area below the Desert Hills Auditorium for other uses with priority to the Table Tennis Club and to assess other sites for a permanent home for the Table Tennis Club as approved May 22, 2018 by the Board of Directors. Passed: unanimous
3. Moved by Blaine Nissan/seconded. The Fiscal Affairs Committee designates \$36,387 from the Maintenance, Repair and Replace Reserve Fund and \$87,513 from Emergency Reserves, totaling \$123,900, to pay Custom Court and Tiles, Inc., to repair the Las Campanas tennis courts with a new post tension cap to correct the failure of the original post tension as approved May 22, 2018 by the Board of Directors. Passed: 6 yes, 1 no/Skytta
4. Moved by Campfield/seconded. The Fiscal Affairs Committee designates operating cash as the funding source not to exceed \$6,000 for professional services from WSM Architects to evaluate alternative sites for the GVR

Lapidary club expansion and possible Metal and Glass Arts permanent space
as approved May 22, 2018 by the Board of Directors. Passed: unanimous

Motion to adjourn by Vicky Mournian at 10:00 AM./seconded. Passed: unanimous

The accompanying pages are the Financial Reports for May 31, 2018. The four statements are:

Statement of Financial Position.

This is also known as a Balance Sheet or the Statement of Net Assets.

Statement of Activities

Also known as an Income and Expense statement. This report shows the types of Income, the categories of expense and the unrealized Investment Market changes for the year to date. The bottom line in this report is the net for all the reserve accounts maintained by GVR.

Statement of Changes in Net Assets

This report displays the financial activity of the four reserves that make up the Net Assets of Green Valley Recreation. These reserves are:

Unrestricted - These net assets include the Fixed Assets (land, buildings and equipment), undesignated current assets less the current liabilities and deferred revenue items.

Emergency - Designated by the Board of Directors, this reserve is held to provide liquidity when needed for operational emergencies.

Maint - Repair - Replacement - designated by the Board of Directors, this reserve is the accumulation of assets in support of the Reserve Study which is mandated for Common Interest Realty Associations like Green Valley Recreation. Annual amounts are budgeted and transferred into this reserve for the purposes of the name of this reserve.

Initiatives - This reserve is designated by the Board of Directors to help with the funding for new programs that evolve from member interests and demands. Innovation in programming enables GVR to respond to member expectations.

Investment Portfolios

This report displays the market values of investments at the beginning of the year, the dollar amounts of changes that occurred from January 1st to the date of the financial statements. The unrealized gain or loss on market value changes is shown on a separate line to result in the market value of investments as of the reporting month end. The investments related to each of the Reserves (Unrestricted and Designated) are included in separate columns.

Green Valley Recreation, Inc.
Statement of Financial Position

As of Date: May 31, 2018 and December 31, 2017



	May 31, 2018	December 31, 2017
	Total	Total
ASSETS		
Current Assets		
Cash/Cash Equivalents	\$ 1,062,357	4,539,157
Accounts Receivable	292,005	123,604
Prepaid Expenses	118,419	173,447
Edward Jones Investments (@ Market)	13,565,897	10,274,921
Total Current Assets	15,038,678	15,111,130
Fixed Assets		
Contributed Fixed Assets	17,593,784	17,593,785
Purchased fixed Assets	18,339,268	17,939,723
Sub-Total	35,933,052	35,533,507
Less - Accumulated Depreciation	(19,430,166)	(18,846,580)
Net Fixed Assets	16,502,886	16,686,927
Total Assets	31,541,564	31,798,057
LIABILITIES		
Current Liabilities		
Accounts Payable	166,045	409,923
Deferred Dues & Fees	3,856,743	4,230,453
Deferred Programs	74,083	329,352
Total Current Liabilities	4,096,871	4,969,728
TOTAL NET ASSETS	\$27,444,693	26,828,329
NET ASSETS		
Temporarily Restricted:		
Board Designated:		
Emergency	\$ 932,725	930,342
Maint - Repair - Replacement	5,691,143	6,264,272
Initiatives	2,004,928	1,531,549
Sub-Total	8,628,796	8,726,163
Unrestricted Net Assets	18,815,897	18,102,166
TOTAL NET ASSETS	\$27,444,693	26,828,329

Statement of Activities
Current Year - January to May 31, 2018

	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	Fiscal Year Budget	Remaining FY Budget
Revenue					
Member Dues	2,762,677	2,780,315	(17,638)	6,672,756	3,910,079
Life Care, Transfer, Tenant & Add'l Card Fees	418,510	290,021	128,489	696,017	277,507
Capital Revenue	1,233,126	990,990	242,136	2,378,383	1,145,257
Programs	255,798	162,981	92,817	391,149	135,351
Instructional	240,299	179,776	60,523	431,450	191,151
Recreation Income	496,096	342,756	153,340	822,599	326,503
Advertising Income	32,486	31,250	1,236	75,000	42,514
Communication	19,882	23,750	(3,868)	57,000	37,118
Communication Income	52,368	55,000	(2,632)	132,000	79,632
Investment Income	122,799	116,662	6,137	280,000	157,201
Other Income	15,216	8,375	6,841	20,100	4,884
Facility Rent	11,669	9,588	2,081	23,000	11,331
Marketing Events	-	2,500	(2,500)	6,000	6,000
Other Income	26,886	20,463	6,423	49,100	22,214
Total Revenue	5,112,462	4,596,207	516,255	11,030,855	5,918,393
Expenses					
Major Projects-Repair & Maintenance	160,792	121,798	(38,994)	292,315	131,523
Facility Maintenance	97,858	214,321	116,462	514,370	416,512
Fees & Assessments	5,672	37,125	31,453	89,100	83,428
Utilities	440,287	478,384	38,096	1,148,121	707,833
Depreciation	583,586	519,167	(64,419)	1,246,000	662,414
Furniture & Equipment	102,322	100,760	(1,562)	241,824	139,502
Vehicles	23,192	33,335	10,143	80,004	56,812
Facilities & Equipment	1,413,710	1,504,889	91,179	3,611,734	2,198,024
Wages, Benefits, Payroll Expenses	1,938,422	2,010,753	72,331	4,825,808	2,887,386
Conferences & Training	18,195	36,250	18,055	87,000	68,805
Personnel	1,956,617	2,047,003	90,386	4,912,808	2,956,191
Food & Catering	20,176	21,292	1,116	51,100	30,924
Recreation Contracts	391,312	268,140	(123,172)	643,536	252,224
Bank & Credit Card Fees	58,771	43,750	(15,021)	105,000	46,229
Program	470,259	333,182	(137,077)	799,636	329,377
Communications	41,292	40,742	(550)	97,780	56,488
Printing	31,182	24,725	(6,457)	59,340	28,158
Advertising	3,734	6,250	2,516	15,000	11,266
Communications	76,208	71,717	(4,491)	172,120	95,912
Supplies	146,829	189,267	42,437	454,240	307,411
Postage	7,550	13,225	5,675	31,740	24,190
Dues & Subscriptions	5,473	2,542	(2,931)	6,100	627
Travel & Entertainment	907	8,100	7,193	19,440	18,532
Other Operating Expense	17,750	27,953	10,203	67,087	49,337
Operations	178,510	241,086	62,576	578,607	400,097
Information Technology	8,465	47,813	39,583	114,750	106,285
Professional Fees	118,257	126,458	8,201	303,500	185,243
Commercial Insurance	81,726	85,417	3,690	205,000	123,274
Taxes	54	6,125	6,071	14,700	14,646
Provision for Bad Debt	13,375	10,000	(3,375)	24,000	10,625
Corporate Expenses	221,878	275,813	54,170	661,950	440,072
Expenses	4,317,182	4,473,690	156,743	10,736,855	6,419,674
Net surplus (Deficit)	795,280	122,517	672,998	294,000	(501,280)
Unrealized Gain/Loss on Investment	(178,914)	-	(178,914)	-	(178,914)
Net change in Net Assets-GVR	616,366	122,517	494,084	294,000	(322,366)



GREEN VALLEY RECREATION, INC.

**GREEN VALLEY RECREATION, INC.
STATEMENT OF CHANGES IN NET ASSETS**

As of Date: May 31, 2018 and December 31, 2017

	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
	Unrestricted	Fixed Assets			
Totals					
\$ 616,366	616,366				
-	(391,668)			391,668	
	888,626			(888,626)	-
	583,586	(583,586)			
	(399,545)	399,545			
	(500,000)				500,000
	(70,520)		4,376	50,844	15,299
	2,976		(2,846)	(130)	-
	167,953		853	(126,885)	(41,921)
	-				
616,366	897,773	(184,040)	2,383	(573,129)	473,378
26,828,329	1,415,239	16,686,927	930,341	6,264,272	1,531,550
\$27,444,694	2,313,012	16,502,886	932,724	5,691,143	2,004,928

Net change in Net Assets-GVR

Transfers between unrestricted and reserves:

Reserve Study Allocation
Principal Transfers

Depreciation
Purchase of Fixed Assets
Transfer For Fixed Asset Purchase

Allocations of Net Change components:

Investment income
Investment Expenses

Unrealized Gains (Losses) on Market
Repairs and replacements

Net change to May 31, 2018

NET ASSETS, December 31, 2017

Net Assets as at May 31, 2018



Green Valley Recreation, Inc.
Investment Portfolios
Changes and Market Values
Beginning of Year and Current Month End

Totals	Unrestricted	Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
\$ 10,274,921	1,548,758	930,342	6,264,272	1,531,550
4,391,668	4,000,000	-	391,668	-
81,199	10,679	4,376	50,844	15,299
(1,000,000)	(611,374)	-	(888,626)	500,000
(2,976)	-	(2,846)	(130)	-
3,469,891	3,399,305	1,530	(446,244)	515,299
13,744,812	4,948,063	931,872	5,818,028	2,046,849
(178,914)	(10,961)	853	(126,885)	(41,921)
\$ 13,565,898	4,937,102	932,725	5,691,143	2,004,928

Balance December 31, 2017 (at Market)

Changes since January 1, 2018

- Principal additions
- Rebalance Transactions
- Investment income
- Withdrawals
- Investment Expenses

Net Change for 5 Months

Balance before Market Change at May 31, 2018

5 month Change in Unrealized Gain (Loss)

Balance at May 31, 2018 (at Market)



Green Valley Recreation, Inc.

Variance Report

Monthly Report: 5/1/2018-5/31/2018

var vs budget

Revenue	Year-to-Date	Budget	Variance	% Variance	
Transfer Fees	228,650	174,826	53,824	30.79%	More property transactions than budgeted
Guest Card Fees	58,305	31,250	27,055	86.58%	More Guest Cards purchased than budgeted
Tenant Fees	97,470	72,919	24,551	33.67%	More Tenant cards purchased
Special Events/Dances	34,395	10,419	23,976	230.12%	Seasonal
Tours	72,343	24,562	47,781	194.53%	More tour participation
Instructional	240,299	179,776	60,523	33.67%	More classes, more participation
New Member Capital Fees	1,202,364	959,740	242,624	25.28%	More home sales closed than budgeted
Expense	Actual	Budget	Variance	% Variance	
Wages	1,429,781	1,564,885	135,104	9%	More open positions than budgeted
Insurance-Medical	220,850	182,352	(38,498)	-21%	Higher Medical insurance usage
401(k) Match	43,651	56,780	13,129	23%	Lower 401(k) participation
Recreation Contracts	391,312	268,140	(123,172)	-46%	Seasonal
Supplies	146,829	189,267	42,438	22%	Computer Hardware for Perfect Mind
Utilities	440,287	478,384	38,097	8%	Electric & Water Below, Gas above budget
Information Technology	8,230	47,813	39,583	83%	Less IT expense Perfect Mind
Facility Maintenance	97,858	214,321	116,463	54%	Maintenance projects scheduled for summer

Cheryl Moose

From: Tina Edwards
Sent: Friday, June 01, 2018 9:23 AM
To: Cheryl Moose
Cc: Emily Bagley
Subject: Fees Collected - May
Attachments: GROWTH BY MONTH AND YEAR.XLS

Total Fees Collected

2018 - May

NMCF - \$2,474.00	108	\$267,192.00
Transfer Fee Solo - \$350.00	34	\$11,900.00
Transfer Fee - \$350.00	108	\$37,800.00
Transfer Fee - \$100.00	2	\$200.00
New Member Capital Fee Non-Resale - \$2,474.00	1	\$2,474.00
Transfer Fee Non-Resale - \$350.00	8	\$2,800.00
Initial Fee - 2017 Rate - \$2,335.00	0	\$0.00
Initial Fee - 2018 Rate - \$2,372.00	3	\$7,116.00

YTD

NMCF - \$2,474.00	483	\$1,194,942.00
Transfer Fee Solo - \$350.00	134	\$46,900.00
Transfer Fee - \$350.00	483	\$169,050.00
Transfer Fee - \$100.00	8	\$800.00
New Member Capital Fee Non-Resale - \$2,474.00	4	\$9,896.00
Transfer Fee Non-Resale - \$350.00	35	\$12,250.00
Initial Fee - 2017 - \$2,335.00	2	\$4,670.00
Initial Fee - 2018 - \$2,372.00	11	\$26,092.00

May Resale Closings	142
May New Home Closings	4
May New Voluntary Homes	2
Total GVR properties as of 05.31.2018	13566

Tina M. Edwards
Membership - Accounting Specialist

Ranked #1 by TopRetirements.com as 2017 Best Place to Retire

GVR GROWTH BY MONTH AND YEAR

	2018	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Canoa Ranch - Estates		0	0	0	0	0								0
Canoa Ranch - Villas		0	0	0	0	1								1
**Canoa Ranch - Meritage		0	0	0	0	0								0
**Las Campanas		0	0	0	1	3								4
**Estates @ Alamos		0	0	0	0	0								0
DR Horton		0	0	0	0	0								0
Other Restrictions		6	2	1	1	2								12
Total New		6	2	1	2	6	0	0	0	0	0	0	0	17
Total Members		13555	13557	13558	13560	13566	13566	13566	13566	13566	13566	13566	13566	13566
MBRS Last Year		13507	13512	13516	13519	13520	13523	13526	13529	13536	13539	13545	13549	13549
NMCF - \$2,474.00		58	82	118	117	108								483
Transfer Fee Solo - \$350.00		19	27	18	36	34								134
Transfer Fee - \$350.00		58	82	118	117	108								483
Transfer Fee - \$100.00		3	1	1	1	2								8
New Member Capital Fee Non-Resale - \$2,474.00		3	0	0	0	1								4
Transfer Fee Non-Resale - \$350.00		11	7	4	5	8								35
Total Resales		77	109	136	153	142	0	0	0	0	0	0	0	617
YTD Resales		77	186	322	475	617	617	617	617	617	617	617	617	617
Monthly Resales Last Year		77	92	149	140	113	103	100	98	77	74	104	95	1222
Total Resales Last Year		77	169	318	458	571	674	774	872	949	1023	1127	1222	1222

**Initial Fee Already Paid - ONLY Pro-rated Dues collected at COE



EXHIBIT

2017 Budget Surplus Allocation

**Fiscal Affairs Committee Meeting
Tuesday, June 19, 2018**

Overview

Green Valley Recreation, Inc. developed a Reserve Study Policy that provides for funding options for the reserve accounts. In the Policy, under Section C.4. it states: GVR shall make contributions to reserve accounts in this order of priority: Maintenance, Repair and Replacement Fund, Initiatives Reserve Fund then Emergency Reserve Fund. Under Section F.3. Funding Source it states: At the close of each fiscal year, the Board of Directors shall determine the amount, if any, to contribute from excess Revenue-Over-Expenses plus Depreciation Expense less reserve contributions to the other reserve accounts. In determining such amount, the Board of Directors shall first repay any withdrawals from the funds. In any case, withdrawals from these funds shall be repaid from operations.

The recommended funding for 2017 for the Maintenance, Repair and Replacement Reserve Fund in the amount of \$914,400 was met. The next Fund on the priority list is the Initiatives Reserve Fund. The \$500,000 purchase of the Facilities Maintenance Building was originally made from the Initiatives reserve fund and that withdraw was repaid from operations. The remaining excess from 2017 is \$283,285.

Recommendation

The Fiscal Affairs Committee recommends that the GVR Board of Directors approve moving the remaining surplus from 2017 in the amount of \$283,285 to the Initiatives Reserve Fund.

Calculation of 2017 Unrestricted Funds Available for Distribution to Reserve

	<u>FY 2017</u>
Total Increase in Net Assets from Operations	\$ 2,081,372
Net Unrealized Market Value Change	\$ <u>(372,009)</u>
Net Change in Net Assets from Operations	\$ 1,709,363
Depreciation -	\$ 1,262,126
Purchases of PP&E	\$ (1,600,745)
Less Initiatives Purchase	<u>\$ 500,000</u>
Purchases Year to Date - Unrestricted Assets	\$ (1,100,745)
Reserve Study Provision to Capital Reserve	\$ (914,400)
Investment Income - Reserve Accounts	\$ (180,348)
Investment Expenses - Unrestricted	<u>\$ 10,484</u>
Net Change in Unrestricted Net Assets	\$ 786,480
Unrealized Change in Unrestricted Invest.	<u>\$ (3,195)</u>
Net Change Unrestricted Assets for FY2016	\$ 783,285
Repayment to Initiatives paid in 2018	<u>\$ (500,000)</u>
Balance of Net Surplus from 2017	<u><u>\$ 283,285</u></u>