

AGENDA  
Fiscal Affairs Committee  
September 18, 2018

Date: September 18, 2018

Time: 10:30 AM

Place: Agave Room, Las Campanas

Call to order

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

Roll call

Quorum?

Approve 8/21/2018 FAC meeting minutes

Committee chair comments:

New business:

- Review August 2018 financial statements – Cheryl
- Review 2019 budget – Cheryl / Kent
  - 2019 capital budgets – non-reserves capital projects, MRR Reserve expenditures, 3-5 Year Capital Projects including status of 2018 projects
  - 2019 MRR Reserve, Initiatives & Emergency Reserve contributions budget - Cheryl/Kent
- Proposed 2019 dues and fees increase review – Cheryl / Kent
- Discuss possible annual GVR contribution to GVRF in support of MAP.
- Schedule FAC special meeting to consider revised P&E East Center Pickleball Courts & Lighting Recommendation– Roger
- Board 2019 budget reviews and approval dates:
  - 9/20/18 Board Work Session - review
  - 9/25/18 Board Meeting – final review and approval

Member comments

Adjourn

Next meeting October 16, 2018 at 10:30 AM in the Agave Room, Las Campanas.



## MINUTES

### FISCAL AFFAIRS COMMITTEE MEETING

Tuesday, August 21, 2018

10:30 am MST – Santa Rita Springs – Anza Room

***GVR Mission Statement:*** “To provide recreational, social and leisure education opportunities that enhance the quality of our members’ lives.”

Attendees: Roger Myers, Chair, N. Campfield, Associate Chair, V. Mournian, and S. Tagg

Remote Attendees: C. Crothers (ex-Officio)

Absent: B. Nisson, T. Sadowski and K. Skytta

Guests: 8

Staff Liaison: Cheryl Moose, Chief Financial Officer

Additional Staff: K. Blumenthal, Chief Executive Officer, David Webster, Accounting Supervisor, David Jund, Facilities Director, Melanie Stephenson, Facilities Project Manager and Tom Demma, Meeting Scribe

#### 1.) CALL TO ORDER

Chair Roger Myers called the meeting to order at 10:34am

#### 2.) ROLL CALL /ESTABLISH QUORUM

Chair Myers took the roll. Quorum established.

#### 3.) APPROVE MINUTES

**MOTION: Campfield / Seconded. Approve July 17, 2018 minutes.**

**Passed: Yes: 4, No: 0, Abstention: 1 - Tagg**

#### 4.) COMMITTEE CHAIR COMMENTS

Chair Myers informed members and guests that they are to raise their hand for being recognized by the Chair and a comment section is to be held at the end of the meeting.

#### 5.) NEW BUSINESS

##### Review July 2018 Financial Statements

C. Moose reviewed the Statement of Financial Position and a number of other supporting documents that together show GVR’s financial position as at July 31, 2018; revenue and expenses variances compared to the 2018 budget; and fees collected in July 2018 resulting from property sales.

**Review 2019 Budget Expenses and GVR Cards (all types), Programs, Instructional, Advertising and Miscellaneous Revenue**

C. Moose reviewed the proposed 2019 Consolidated Budget. Staff responded to member and guest questions pertaining to line object variances that were year over year plus or minus 10 percent or more than \$30,000.

**July 12, 2018 Planning & Evaluation Committee Pickleball Courts and Lighting Recommendation**

K. Blumenthal reported that work is underway for assembling information in a manner that would allow the Fiscal Affairs Committee to reach a decision on reserve account funding of project costs for \$65,400. It was related that the contractor could start work in early November should a funding decision be made in the next few weeks.

**Form 990**

It was reported that an in-time Form 990 (Annual Federal Tax Filing for not-for-profit organizations) for the 2017 fiscal year was filed with the IRS. Its preparation and filing was performed by GVR's independent auditor, Scott Meyer, and it can be viewed by visiting the GVR website. Also, members were informed that a response regarding an enquiry pertaining to Form 990, which initially was directed to staff was subsequently referred to Scot Meyer for reply.

**GVR Recommendation for Disposition of Remaining 2017 Surplus Maintenance, Repair and Replace Reserve Fund Contribution**

The matter was deferred and will be addressed during the next meeting.

**Fiscal Affairs Committee and Board 2019 Budget Reviews and Approval Dates**

Having regard to a timely formal adoption of the 2019 budget, members reviewed action dates displayed on the meeting agenda that are applicable to the Fiscal Affairs Committee and the Board.

*\*V. Mournian left the meeting at 12:25pm*

6.) MEMBER COMMENTS: 1

7.) ADJOURNMENT

**MOTION: Campfield / Seconded. Adjourn the meeting at 12:35 pm.**

**Passed: unanimous**

2018 Scheduled Meetings 10:30 am - September 18, October 16, November 20 and December 18

The accompanying pages are the Financial Reports for August 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: August 31, 2018 and December 31, 2017



	<b>August 31, 2018</b>	<b>December 31, 2017</b>
	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>		
Cash/Cash Equivalents	\$ 1,315,182	4,539,157
Accounts Receivable	209,263	123,604
Edward Jones Investments (@ Market)	11,964,896	10,274,921
Prepaid Expenses	268,420	173,447
<b>Property and Equipment:</b>		
Contributed Fixed Assets	17,593,785	17,593,785
Purchased fixed Assets	18,808,785	17,939,723
Sub-Total	36,402,570	35,533,507
Less - Accumulated Depreciation	(19,774,273)	(18,846,580)
<b>Property and Equipment - net</b>	<b>16,628,297</b>	<b>16,686,927</b>
<b>Total Assets</b>	<b>30,386,057</b>	<b>31,798,057</b>
<b>LIABILITIES</b>		
Accounts Payable	182,269	409,923
Deferred Dues & Fees	2,203,811	4,230,453
Deferred Programs	109,798	329,352
<b>Total Liabilities</b>	<b>2,495,878</b>	<b>4,969,728</b>
<b>TOTAL NET ASSETS</b>	<b>\$27,890,179</b>	<b>26,828,329</b>
<b>NET ASSETS</b>		
Temporarily Restricted:		
Board Designated:		
Emergency	\$ 951,327	930,342
Maint - Repair - Replacement	6,020,938	6,264,272
Initiatives	2,031,971	1,531,549
Unrestricted Net Assets	18,885,943	18,102,166
<b>TOTAL NET ASSETS</b>	<b>\$27,890,179</b>	<b>26,828,329</b>

**Statement of Activities**  
**Current Year - January to August 31, 2018**

	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance	Fiscal Year Budget	Remaining FY Budget
<b>Revenue</b>					
Member Dues	4,416,958	4,448,504	(31,546)	6,672,756	2,255,798
Life Care, Transfer, Tenant & Add'l Card Fees	545,948	464,019	81,929	696,017	150,069
Capital Revenue	1,799,264	1,585,587	213,677	2,378,383	579,119
Programs	274,508	260,767	13,741	391,149	116,641
Instructional	263,630	287,636	(24,006)	431,450	167,820
Recreation Income	538,137	548,403	(10,266)	822,599	284,462
Advertising Income	60,945	50,000	10,945	75,000	14,055
Communication	27,752	38,000	(10,248)	57,000	29,248
Communication Income	88,697	88,000	697	132,000	43,303
Investment Income	207,960	186,664	21,296	280,000	72,040
Other Income	20,652	13,400	7,252	20,100	(552)
Facility Rent	15,464	15,336	128	23,000	7,536
Marketing Events	-	4,000	(4,000)	6,000	6,000
Other Income	36,116	32,736	3,380	49,100	12,984
<b>Total Revenue</b>	<b>7,633,080</b>	<b>7,353,913</b>	<b>279,167</b>	<b>11,030,855</b>	<b>3,397,775</b>
<b>Expenses</b>					
Major Projects-Repair & Maintenance	311,390	194,877	(116,514)	292,315	(19,075)
Facility Maintenance	138,397	342,913	204,517	514,370	375,974
Fees & Assessments	8,714	59,400	50,686	89,100	80,386
Utilities	653,157	765,414	112,257	1,148,121	494,964
Depreciation	933,672	830,667	(103,006)	1,246,000	312,328
Furniture & Equipment	164,563	161,216	(3,347)	241,824	77,261
Vehicles	37,958	53,336	15,378	80,004	42,046
Facilities & Equipment	2,247,851	2,407,823	159,972	3,611,734	1,363,883
Wages, Benefits, Payroll Expenses	2,966,338	3,217,205	250,868	4,825,808	1,859,471
Conferences & Training	39,396	58,000	18,604	87,000	47,604
Personnel	3,005,734	3,275,205	269,472	4,912,808	1,907,074
Food & Catering	28,093	34,067	5,974	51,100	23,007
Recreation Contracts	420,869	429,024	8,155	643,536	222,667
Bank & Credit Card Fees	62,654	70,000	7,346	105,000	42,346
Program	511,615	533,091	21,475	799,636	288,020
Communications	64,163	65,187	1,024	97,780	33,617
Printing	48,331	39,560	(8,771)	59,340	11,009
Advertising	3,734	10,000	6,266	15,000	11,266
Communications	116,227	114,747	(1,481)	172,120	55,893
Supplies	207,678	302,827	95,149	454,240	246,562
Postage	8,565	21,160	12,595	31,740	23,175
Dues & Subscriptions	6,960	4,067	(2,893)	6,100	(860)
Travel & Entertainment	1,477	12,960	11,483	19,440	17,963
Other Operating Expense	15,676	44,725	29,049	67,087	51,411
Operations	240,356	385,738	145,382	578,607	338,252
Information Technology	43,227	76,500	39,799	114,750	71,523
Professional Fees	188,907	202,333	13,426	303,500	114,593
Commercial Insurance	130,990	136,667	5,677	205,000	74,010
Taxes	638	9,800	9,162	14,700	14,062
Provision for Bad Debt	9,895	16,000	6,105	24,000	14,105
Corporate Expenses	373,658	441,300	74,167	661,950	288,292
Expenses	6,495,441	7,157,904	668,988	10,736,855	4,241,414
Net surplus (Deficit)	1,137,639	196,009	948,155	294,000	(843,640)
Unrealized Gain/Loss on Investment	(75,789)	-	(75,789)	-	(75,789)
Net change in Net Assets-GVR	1,061,851	196,009	872,366	294,000	(767,851)



**GREEN VALLEY RECREATION, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**As of Date: August 31, 2018 and December 31, 2017**

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
		Unrestricted	Fixed Assets			
<b>Net change in Net Assets-GVR</b>	<b>\$ 1,061,851</b>	<b>1,061,851</b>				
Transfers between unrestricted and reserves:						
Reserve Study Allocation	-	(626,669)			626,669	
Principal Transfers		388,626			(888,626)	500,000
Depreciation		933,672	(933,672)			
Purchase of Fixed Assets		-	-			
Transfer For Fixed Asset Purchase		-				-
Allocations of Net Change components:						
Investment income	-	(115,065)		11,075	73,088	30,902
Investment Expenses	-	5,022		(4,782)	(240)	-
Unrealized Gains (Losses) on Market Repairs and replacements	-	70,012		14,693	(54,224)	(30,481)
<b>Net change to August 31, 2018</b>	<b>1,061,851</b>	<b>1,717,450</b>	<b>(933,672)</b>	<b>20,986</b>	<b>(243,334)</b>	<b>500,421</b>
NET ASSETS, December 31, 2017	26,828,329	1,415,239	16,686,927	930,341	6,264,272	1,531,550
<b>Net Assets as at August 31, 2018</b>	<b>\$27,890,179</b>	<b>3,132,689</b>	<b>15,753,255</b>	<b>951,327</b>	<b>6,020,939</b>	<b>2,031,971</b>



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
<b>Balance December 31, 2017 (at Market)</b>	\$ 10,274,921	1,548,758	930,342	6,264,272	1,531,550
<b>Changes since January 1, 2018</b>					
Principal additions	1,626,669	500,000	-	626,669	500,000
Rebalance Transactions	-	-	-	-	-
Investment income	144,118	29,053	11,075	73,088	30,902
Withdrawals	-	888,626	-	(888,626)	-
Investment Expenses	(5,022)	-	(4,782)	(240)	-
<b>Net Change for 8 Months</b>	<u>1,765,764</u>	<u>1,417,679</u>	<u>6,293</u>	<u>(189,109)</u>	<u>530,902</u>
<b>Balance before Market Change at August 31, 2018</b>	12,040,685	2,966,437	936,634	6,075,163	2,062,452
<b>8 month Change in Unrealized Gain (Loss)</b>	(75,789)	(5,776)	14,693	(54,224)	(30,481)
<b>Balance at August 31, 2018 (at Market)</b>	<u>\$ 11,964,897</u>	<u>2,960,660</u>	<u>951,327</u>	<u>6,020,938</u>	<u>2,031,971</u>





## Green Valley Recreation, Inc.

### Variance Report

Monthly Report: 8/1/2018-8/31/2018

var vs budget

Revenue	Year-to-Date	Budget	Variance	% Variance	
Transfer Fees	335,200	279,715	55,485	19.84%	More property transactions than budgeted
Guest Card Fees	65,200	50,000	15,200	30.40%	More Guest Cards purchased than budgeted
Concerts	152,620	200,000	(47,380)	-23.69%	Seasonal
Special Events/Dances	34,400	16,668	17,732	106.38%	Seasonal
Tours	79,786	39,299	40,487	103.02%	More tour participation
New Member Capital Fees	1,759,014	1,535,587	223,427	14.55%	More home sales closed than budgeted
<b>Expense</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>	
Wages	2,240,287	2,503,816	263,529	11%	More open positions than budgeted
Insurance-Medical	300,123	291,763	(8,360)	-3%	Higher Medical insurance usage
Conferences & Training	39,395	58,000	18,605	32%	Fewer staff attending conferences due to workload.
Supplies	207,678	302,827	95,149	31%	Computer Hardware for Perfect Mind
Professional Fees	188,907	202,333	13,426	7%	Lower than budgeted PR expense
Utilities	653,157	765,414	112,257	15%	Electric & Water Below, Gas above budget
Information Technology	36,701	76,500	39,799	52%	Less IT expense Perfect Mind
Facility Maintenance	138,397	342,913	204,516	60%	Offset by Major Projects
Major Projects	311,390	194,877	(116,513)	-60%	Offset by Facility Maintenance

## Cheryl Moose

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**From:** Tina Edwards  
**Sent:** Tuesday, September 04, 2018 12:11 PM  
**To:** Cheryl Moose  
**Cc:** Tina Edwards; Emily Bagley  
**Subject:** Fees Collected - August  
**Attachments:** GROWTH BY MONTH AND YEAR.XLS

### Total Fees Collected

#### 2018 - August

NMCF - \$2,474.00	54	\$133,596.00
Transfer Fee Solo - \$350.00	25	\$8,750.00
Transfer Fee - \$350.00	54	\$18,900.00
Transfer Fee - \$100.00	3	\$300.00
New Member Capital Fee Non-Resale - \$2,474.00	1	\$2,474.00
Transfer Fee Non-Resale - \$350.00	2	\$700.00
Initial Fee - 2017 Rate - \$2,335.00	0	\$0.00
Initial Fee - 2018 Rate - \$2,372.00	1	\$2,372.00

#### YTD

NMCF - \$2,474.00	702	\$1,736,748.00
Transfer Fee Solo - \$350.00	200	\$70,000.00
Transfer Fee - \$350.00	702	\$245,700.00
Transfer Fee - \$100.00	13	\$1,300.00
New Member Capital Fee Non-Resale - \$2,474.00	10	\$24,740.00
Transfer Fee Non-Resale - \$350.00	53	\$18,550.00
Initial Fee - 2017 - \$2,335.00	2	\$4,670.00
Initial Fee - 2018 - \$2,372.00	15	\$35,580.00

August Resale Closings	79
August New Home Closings	0
August New Voluntary Homes	1
Total GVR properties as of 08.31.2018	13572

Tina M. Edwards  
*Membership - Accounting Specialist*

Ranked #1 by [TopRetirements.com](http://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	0	0	0				0
Canoa Ranch - Villas		0	0	0	0	1	1	0	0	0				2
**Canoa Ranch - Meritage		0	0	0	0	0	0	0	0	0				0
**Las Campanas		0	0	0	1	3	1	0	0	0				5
**Estates @ Alamos		0	0	0	0	0	0	0	0	0				0
DR Horton		0	0	0	0	0	0	0	0	0				0
Other Restrictions		6	2	1	1	2	1	2	1	1				16
Total New		6	2	1	2	6	3	2	1	0				23
Total Members		13555	13557	13558	13560	13566	13569	13571	13572	13572	13572	13572	13572	13572
MBRS Last Year		13507	13512	13516	13519	13520	13523	13526	13529	13536	13539	13545	13549	13549
NIMCF - \$2,474.00		58	82	118	117	108	87	78	54					702
Transfer Fee Solo - \$350.00		19	27	18	36	34	23	18	25					200
Transfer Fee - \$350.00		58	82	118	117	108	87	78	54					702
Transfer Fee - \$100.00		3	1	1	1	2	1	1	3					13
New Member Capital Fee Non-Resale - \$2,474.00		3	0	0	0	1	4	1	1					10
Transfer Fee Non-Resale - \$350.00		11	7	4	5	8	11	5	2					53
Total Resales		77	109	136	153	142	110	96	79	0				902
YTD Resales		77	186	322	475	617	727	823	902	902	902	902	902	902
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



## Fiscal Affairs Committee

### Required transfer to Operating Fund for Management Repair and Replace Projects closed during the period of January 1, 2018 - June 30, 2018

#### Overview

GVR Inc. has completed several projects that are included in the Management Repair and Replace Reserve Study for the 2018 Fiscal year. These projects were finalized during the first and second quarters of 2018 and are included in the attached MRR Reserve Projects 2018 report. All costs relating to these projects were paid for out of GVR Operating funds.

The costs of these completed projects total can be found on page 3 of the attached MRR Reserve Projects report and equal \$116,303 for the first quarter and \$127,600 for the second quarter. Additionally, all completed projects were compared to the forecasted expense and the 2018 fully funded balance of each reserve component. There was one component completed during this six month period that exceed the 2018 forecast and 2018 fully funded balance. This component was the HVAC Bard Unit – 2002 located at the Member Services Center. The completed costs were \$8,162 and the Fully Funded Balance for that components is \$5,253. The resulting overage was \$2,909 due to Architectural drawings and permitting.

#### Recommendation

The Fiscal Affairs Committee recommends that the Investment Committee authorizes and executes a transfer from the Maintenance Repair and Replace Fund to the Operating Fund for the costs of the completed projects for the first and second quarters of 2018. The calculation of this reimbursement is as follows:

1 <sup>st</sup> Quarter completed MRR Projects	\$116,303
2 <sup>nd</sup> Quarter completed MRR Projects	<u>\$127,600</u>
Total Project Costs Jan-Jun 2018	\$243,903
Costs that exceeded Fully Funded Amount	<u>\$ - 2,909</u>
Net Amt. to be reimbursed to Operating Fund	\$240,994