



**Fiscal Affairs
Financial Report
As of February 28, 2022**

The enclosed Financial Statements and supplemental schedules provide relevant information through February, 2022 and include the financial statements as of February 28, 2022.

- The February 2022 Financial Statements are included on pages 1 through 5. These statements include the Statement of Financial Position, Statement of Activities, Statement of Change in Net Assets, and Investment Portfolio.
- It is important to note that these enclosed financials are only **preliminary** financial statements. Revised final financial statements will be issued after the 2021 audit is complete. The 2021 audit continues to progress with no apparent issues.
- The following table summarizes the February 28, 2022 total year Increase in Net Assets based on our 2022 Financial Statements:

Period	Operating Increase Net Assets	Unrealized Gain on Investments	Increase in Net Assets	Homes Sold	Income Variance Favorable (Unfavorable)	Expense Variance Favorable (Unfavorable)
Jan-22	\$214,799	(\$486,803)	(\$272,004)	105	\$99,836	\$98,152
Feb-22	\$194,910	(\$198,730)	(\$3,820)	88	\$58,369	\$67,280
Mar-22			\$0			
Apr-22			\$0			
May-22			\$0			
Jun-22			\$0			
Jul-22			\$0			
Aug-22			\$0			
Sep-22			\$0			
Oct-22			\$0			
Nov-22			\$0			
Dec-22	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>\$0</u>	<u>\$0</u>
Total YTD '22	<u>\$409,709</u>	<u>(\$685,533)</u>	<u>(\$275,824)</u>	<u>193</u>	<u>\$158,205</u>	<u>\$165,432</u>

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- While the preceding table illustrates the performance for the year 2022 according to the Financial Statements, it does not include any reduction for the necessary funding from Operations for Reserve Funds that are included in GVR's 2022 budget.
- There were 88 Home Resales during the month of February. This is the same number of sales as the prior year and GVR is now 37 (24%) more home sales than budgeted year to date and 31 (20%) more than the previous year to date home sales (page 8). GVR offsets these sales with an allowance for Membership Change Fee refunds for Members who transition from a primary residence. This allowance currently totals \$287,232 (page 2).
- The February 2022 Statement of Financial Position (page 2) reports the Total Net Assets to be \$31,574,060 which is a \$275,825 decrease for the year.
- The Operational cash on hand is \$805,62 (page 2). When combined with Operational Cash Investments at both JP Morgan accounts, total Operational Cash equals a total of \$6,277,758 which is a \$271,991 decrease during the month of February.
- The Net Fixed Assets are \$18,058,081 as of February 28, 2022 (page 2). Total net closed out Capital Purchases for the year to date are \$340,928 (page 9). The detail report of the \$340,928 of Capital Purchases through February 2022 is on pages 9 through 13.
- Total Current Liabilities are \$6,802,204 (page 2) and include \$5,885,748 for 10 months of Deferred Dues revenue.
- Designated Net Assets equal \$13,220,846 (detailed on pages 4 – 5) which reflects a net increase of \$774,033 through the month of February, 2022. The year to date net unrealized investment loss on these investments are \$685,533 (page 3, 5 and D) which is a roughly 4% rate of all investments including Operating Cash. These declines appear reasonably in line with the performance of IPS benchmarks and is detailed on page D. The total Investment Income earned year to date is \$36,359 (D). With accrued Investment Revenue added, the total Investment Income is \$56,630 (page 3).
- A multiyear summary of Accounts Receivable and the corresponding allowance for Bad Debt is included on page 14.
- The Statement of Activities (page 3) indicates that Total Year to Date Revenue is \$2,164,539 which is 8% over budget and 20% more than the prior year. This large positive variance is due primarily to better than expected Capital Revenue. Tenant Fees and Transfer Fees revenue are also significantly over budget and much better than 2021

through February. Other Income includes Dues Payment Plan Fees and Late Fees and reports a \$37K positive variance from the prior year.

- The Cash Requirements Report for 2022 is included on pages 6 through 7. The projected transfer for 2021 Surplus has been adjusted to \$35,000 and is projected in June 2022. November 2022 is projected to be the low point for Operating Cash with 87 days of Operating Cash. All of these cash projections are exclusively for the purpose of estimating balances of Operating and Designated cash balances and determining timing of investments.
- Most expense category amounts are under budget through February 2022 and the total expenses are \$1,754,830 which are \$165,432 (9%) under budget and 11% more than the prior year (page 3). Most of the negative variance from prior year is due to higher Program and Facilities related expenses. The following is a high-level summary of the amounts and percentage variance to budget for the year to date February 28, 2022:

EXPENSES 2022				
<u>Expense Category</u>	<u>Total Expenses</u>	<u>Variance Pos. (Neg.)</u>	<u>%</u>	<u>Summary</u>
Facilities & Equipment	582,589	5,950	1%	Utilities \$26K over, Major Projects R&M \$16K under, Depreciation \$20K under budget.
Program Expenses	166,642	(5,892)	-4%	Credit Card exp. \$5K under budget. Recreation contracts over due to performances. Expected to level off.
Communications	29,812	17,858	37%	Printing and Advertising expenses both under budget through February 2022
Operational Expenses	51,066	6,343	11%	Operational expenses under budget includes postage and dues and subscriptions. Supplies \$3K over budget
Corporate Expenses	96,006	73,664	43%	Professional fees \$50K under budget, IT expenses \$14K under budget.
Personnel & Benefits	<u>828,715</u>	<u>67,509</u>	7%	Wages and Taxes \$65K under budget, Benefits on budget.
TOTAL EXPENSES	<u>1,754,830</u>	<u>165,432</u>	<u>9%</u>	Through February, the largest contributors to the positive expense variance are Professional Fees, Wages, and Printing expenses.

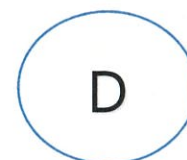
Due to the extreme fluctuations in the markets during January and February, the following summary is provided:

GVR Investments Jan. 1, 2022 Through Feb. 28, 2022						
	JPM Operating Investments	MRR (SBH)	MRR-B Pools & Spas (SBH)	Initiatives (SBH)	Emergency (SBH)	Total Investments
Balance Jan 1st	\$ 2,809,726	\$ 8,025,718	\$ 1,083,705	\$ 2,166,737	\$ 1,170,653	\$ 15,256,539
Transfers	\$ 2,760,000	\$ 1,132,047	\$ 270,472	\$ 116,771	\$ -	\$ 4,279,290
Disbursements		\$ (77,824)	\$ (97,015)	\$ -		\$ (174,839)
Investment Income	\$ 4,644	\$ 25,982	\$ 21	\$ 4,163	\$ 1,549	\$ 36,359
Investment Expenses	\$ -	\$ (14,078)	\$ -	\$ (3,257)	\$ (1,527)	\$ (18,862)
Unrealized (Losses)	\$ (102,263)	\$ (410,251)	\$ (2,632)	\$ (72,209)	\$ (98,179)	\$ (685,534)
Balance Feb 28th	<u>\$ 5,472,107</u>	<u>\$ 8,681,594</u>	<u>\$ 1,254,551</u>	<u>\$ 2,212,205</u>	<u>\$ 1,072,496</u>	<u>\$ 18,692,953</u>

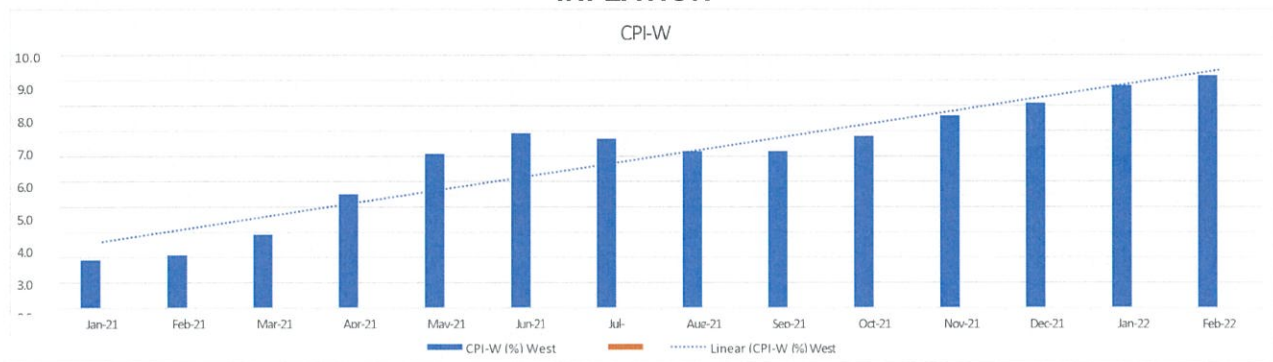
- GVR’s investment advisor, SBH, communicated the following pertinent update on March 8th to the GVR Investment Committee:

“Russia-listed equities represent approximately 0.062% of the combined funds’ equity exposure, or 0.00156% of the overall GVR portfolios SBH has been tasked with managing. These show up in emerging markets funds, which are part of the blended benchmarks in GVR’s Investment Policy Statement. Russian equities represent approximately 2.5% of emerging markets indices ... While many US companies have indirect and in some cases, direct Russian exposure, we see company managements taking active steps to divest themselves of those holdings. We are doing a deep dive on each of the companies we own to determine what, if any, exposure they have to sanctions.”

- Another relevant economic topic is the inflationary trend that we are experiencing. The graph on the next page illustrates CPI-W Index (Urban Wage Earners and Clerical Workers – West Region).



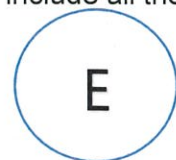
INFLATION



	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
CPI-W (%) West Region	1.9	2.1	2.9	4.5	6.1	6.9	6.7	6.2	6.2	6.8	7.6	8.1	8.8	9.2

- The staff Report for the recommendation on the Policy for the Emergency Fund and the Emergency Fund earnings are included on pages 15 – 17.
- The following is Finance staffs reasoning for determining the \$15,088,293 total Operating and Capital Budget for 2022 discussed at the last FAC meeting:

We believe you have to look to the purpose of Section 2 of the Bylaws to define budget(s). Finance staff believes it is primarily to determine a materiality level. The Operating Budget is for day to day operations. The Capital Budget is for the acquisition of fixed assets. To establish a materiality level of GVR, the two components should be added together. The sum equals the total level of activity planned during a year at GVR. To determine the materiality level, a factor is applied to the Combined activity level (Operating plus Capital). The bylaws establish that factor to be 10%. Since the sources of funding for Operating and Capital Budgets are the same which is primarily Members fees and dues, the combined budget is a good barometer to establish total activity level for GVR from which to apply a materiality factor. For 2022, Capital Projects make up over 25% of the activity of GVR. We believe it would be misleading to not include the Capital Budget to determine materiality. The February 15, 2022 FAC meeting included budget documents that support the \$15,088,293 total combined budget activity level for 2022. If the goal is to determine a materiality threshold for which the Members should have to vote on, it is best to include all the activities of GVR, including both Operating and Capital Projects.





Green Valley Recreation, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying pages are the Financial Reports for February 28, 2022. The four statements

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.

MRR-B Pools and Spas - Board designated reserve for end of life replacement of Pools and Spas

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: February 28, 2022 and Dec 31, 2021

	February 28, 2022	Dec 31, 2021
	Total	Total
ASSETS		
Current Assets		
Cash/Cash Equivalents	805,652	3,759,784
Accounts Receivable	654,254	237,269
Prepaid Expenses	142,278	226,382
Maintenance Inventory	23,044	-
Designated Investments (Charles S./SBH)		
Emergency - Fund	1,072,496 (1)	1,170,653 (18)
MRR - Fund	8,681,594 (2)	8,025,718 (19)
Initiatives - Fund	2,212,205 (3)	2,166,737 (20)
Pools & Spas - Fund	1,254,551 (4)	1,083,705 (21)
Total Designated Investments (CS/SBH)	13,220,846 (5)	12,446,813 (22)
Undesignated Invest. (JP Morgan Long Term)	1,521,828 (6)	- (23)
Undesignated Invest. (JP Morgan)	3,950,278 (7)	2,809,726 (24)
Investments	18,692,953 (8)	15,256,539 (25)
Total Current Assets	20,318,182	19,479,973
Fixed Assets		
Contributed Fixed Assets	18,017,085	18,017,085
Purchased fixed Assets	25,510,155	25,169,228
Sub-Total	43,527,240	43,186,312
Less - Accumulated Depreciation	(25,469,159)	(25,196,228)
Net Fixed Assets	18,058,081 (9)	17,990,084 (26)
Total Assets	38,376,264	37,470,057
LIABILITIES		
Current Liabilities		
Accounts Payable	346,085	354,074
Deferred Dues Fees & Programs	5,885,748	4,673,666
Accrued Payroll	178,044	169,633
Compensation Liability	6,094	30,471
Notes Payable	99,000	99,000
MCF Refund Liability	287,232	293,328
Total Current Liabilities	6,802,204	5,620,172
TOTAL NET ASSETS	31,574,060 (10)	31,849,885 (27)
NET ASSETS		
Temporarily Designated:		
Board Designated:		
Emergency	1,072,496 (11)	1,170,653 (28)
Maint - Repair - Replacement	8,681,594 (12)	8,025,718 (29)
Initiatives	2,212,205 (13)	2,166,737 (30)
Pools	1,254,551 (14)	1,083,705 (31)
Sub-Total	13,220,846 (15)	12,446,813
Unrestricted Net Assets	18,629,038	19,403,072
Net change Year-to-Date	(275,825) (16)	-
Unrestricted Net Assets	18,353,214 (17)	19,403,072
TOTAL NET ASSETS	31,574,060	31,849,885



GREEN VALLEY RECREATION, INC.

Green Valley Recreation, Inc. Summary Statement of Activities

YTD Period: 2 month period ending February 28, 2022

FY Budget Period: Jan 1, 2022 - Dec 31, 2022

	PRIOR YEAR COMPARISON				%	BUDGET COMPARISON				%	Fiscal Year Budget	Remaining FY Budget
	2021 YTD Actual	2022 YTD Actual	Year to Year Variance			YTD Actual	YTD Budget	YTD Variance				
Revenue												
Member Dues	1,158,116	1,162,774	4,658	0%	1,162,774	1,157,797	4,977	0.4%	6,946,780	5,784,006		
LC, Trans., Crd Fees.	106,267	186,903	80,636	76%	186,903	114,857	72,046	63%	725,215	538,312		
Capital Revenue	424,431	572,249	147,818	35%	572,249	448,761	123,488	28%	3,094,570	2,522,321		
Programs	2,134	34,155	32,021	1,500%	34,155	72,634	(38,479)	(53%)	203,246	169,091		
Instructional	38,303	96,318	58,015	151%	96,318	140,647	(44,329)	(32%)	340,329	244,011		
Recreational Revenue	40,437	130,473	90,035	223%	130,473	213,281	(82,808)	(39%)	543,575	413,102		
Investment Income	48,559	56,630	8,070	17%	56,630	48,523	8,107	17%	279,432	222,803		
Advertising Income	14,583	-	(14,583)	(100%)	-	-	-	0%	-	-		
Cell Tower Lease Inc.	6,895	4,688	(2,207)	(32%)	4,688	6,583	(1,896)	(29%)	41,368	36,680		
Comm. Revenue	21,477	4,688	(16,790)	(78%)	4,688	6,583	(1,896)	(29%)	41,368	36,680		
Other Income	10,481	47,623	37,142	354%	47,623	15,649	31,974	204%	55,573	7,950		
Facility Rent	-	3,200	3,200	0%	3,200	884	2,316	262%	6,000	2,800		
Marketing Events	-	-	-	0%	-	-	-	0%	-	-		
In-Kind Contributions	-	-	-	0%	-	-	-	0%	-	-		
Contributed Income	-	-	-	0%	-	-	-	0%	-	-		
Other Revenue	10,481	50,823	40,342	385%	50,823	16,533	34,290	207%	61,573	10,750		
Total Revenue	1,809,769	2,164,539	354,770	20%	2,164,539	2,006,334	158,205	7.9%	11,692,513	9,527,974		
Expenses												
Major Proj.-Rep. & Maint.	32,518	26,949	5,569	17%	26,949	43,213	16,264	38%	542,035	515,086		
Facility Maintenance	22,563	26,142	(3,578)	(16%)	26,142	20,668	(5,474)	(26%)	170,994	144,852		
Fees & Assessments	3,440	4,085	(645)	(19%)	4,085	6,057	1,972	33%	38,134	34,049		
Utilities	109,616	190,435	(80,819)	(74%)	190,435	164,598	(25,837)	(16%)	871,224	680,789		
Depreciation	278,642	272,931	5,711	2%	272,931	293,164	20,233	7%	1,706,610	1,433,679		
Furniture & Equipment	31,323	51,433	(20,111)	(64%)	51,433	49,092	(2,341)	(5%)	248,684	197,251		
Vehicles	10,544	10,614	(70)	(1%)	10,614	11,748	1,134	10%	76,620	66,006		
Facilities & Equipment	488,646	582,589	(93,944)	(19%)	582,589	588,540	5,950	1%	3,654,301	3,071,712		
Wages	634,320	599,229	35,091	6%	599,229	662,709	63,480	10%	4,210,760	3,611,531		
Payroll Taxes	53,653	53,712	(59)	(0%)	53,712	55,542	1,830	3%	337,618	283,907		
Benefits	159,292	175,774	(16,481)	(10%)	175,774	177,972	2,198	1%	993,020	817,246		
Personnel	847,266	828,715	18,551	2%	828,715	896,224	67,509	7.5%	5,541,399	4,712,684		
Food & Catering	893	5,900	(5,007)	(561%)	5,900	6,936	1,036	15%	40,319	34,419		
Recreation Contracts	22,197	117,190	(94,994)	(428%)	117,190	105,301	(11,889)	(11%)	422,853	305,663		
Bank & Credit Card Fees	32,919	43,552	(10,632)	(32%)	43,552	48,513	4,962	10%	73,900	30,348		
Program	56,009	166,642	(110,633)	(198%)	166,642	160,750	(5,892)	(4%)	537,072	370,430		
Communications	16,470	19,134	(2,665)	(16%)	19,134	19,087	(47)	(0%)	114,045	94,911		
Printing	14,548	6,228	8,320	57%	6,228	21,333	15,105	71%	82,200	75,972		
Advertising	-	4,450	(4,450)	0%	4,450	7,250	2,800	39%	33,500	29,050		
Communications	31,017	29,812	1,205	4%	29,812	47,670	17,858	37%	229,745	199,933		
Supplies	33,687	44,643	(10,957)	(33%)	44,643	41,440	(3,203)	(8%)	289,808	245,165		
Postage	751	1,122	(371)	(49%)	1,122	7,179	6,057	84%	15,087	13,965		
Dues & Subscriptions	1,761	2,195	(434)	(25%)	2,195	3,689	1,494	41%	12,045	9,850		
Travel & Entertainment	-	2	(2)	0%	2	1,000	998	100%	11,320	11,318		
Other Operating Expense	9,428	3,103	6,324	67%	3,103	4,100	997	24%	152,944	149,841		
Operations	45,627	51,066	(5,439)	(12%)	51,066	57,409	6,343	11%	481,204	430,138		
Information Technology	3,768	3,633	135	4%	3,633	17,145	13,512	79%	123,798	120,165		
Professional Fees	48,457	35,177	13,280	27%	35,177	85,399	50,222	59%	304,200	269,023		
Commercial Insurance	52,764	54,928	(2,164)	(4%)	54,928	58,787	3,859	7%	329,075	274,147		
Taxes	9,826	-	9,826	100%	-	3,699	3,699	100%	18,566	18,566		
Conferences & Training	-	2,222	(2,222)	0%	2,222	1,307	(915)	(70%)	43,100	40,878		
Employee Recognition	29	47	(18)	(62%)	47	3,333	3,287	99%	20,000	19,953		
Provision for Bad Debt	-	-	-	0%	-	-	-	0%	-	-		
Corporate Expenses	114,845	96,006	18,838	16%	96,006	169,670	73,664	43.4%	838,739	742,733		
Expenses	1,583,410	1,754,830	(171,421)	(11%)	1,754,830	1,920,262	165,432	9%	11,282,460	9,527,630		
Gross surplus(Rev-Exp)	226,359	409,709	183,349	81%	409,709	86,072	323,637		410,053	345		
Net. Gain/Loss on Invest.	(58,932)	(685,533)	(626,601)		(685,533)	-	(685,533)		-	685,533		
Net from Operations	167,428	(275,825)	(443,252)	(265%)	(275,825)	86,072	(361,897)		410,053	685,878		

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Green Valley Recreation, Inc.
Statement of Changes in Net Assets
As of Date: February 28, 2022 and Dec 31, 2021

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replacement Reserve Fund	Initiatives Reserve Fund	Pools & Spas Reserve Fund
		Unrestricted	Fixed Assets				
Net change in net assets-GVR	(275,825) ⁽¹⁶⁾	(275,825)	-	-	-	-	-
Transfers between unrestricted and reserves:							
Reserve Study Allocation	-	-	-	-	-	-	-
Principal Transfers	(270,472)	(1,519,290)	-	-	1,132,047	116,771	270,472
Depreciation	-	272,931	(272,931)	-	-	-	-
Disposal of Fixed Assets	-	-	-	-	-	-	-
Purchase & Contributed Fixed Assets	-	(103,685)	340,928	-	(55,995)	-	(181,248)
Withdrawals	(84,233)	(62,404)	-	-	(21,828)	-	84,233
-		-					
Allocations of Net Change components:							
Investment income	-	(31,715)	-	1,548	25,982	4,163	21
Investment Expenses	-	18,862	-	(1,527)	(14,078)	(3,257)	-
Net Gains (Losses) in Investments	2,632	583,270	-	(98,179)	(410,251)	(72,209)	(2,632)
Net Change to February 28, 2022	(275,825) ⁽¹⁶⁾	(1,117,855)	67,997	(98,158)	655,877	45,469	170,846
Net Assets at, Dec 31, 2021	31,849,885 ⁽²⁷⁾	1,412,988	17,990,084 ⁽²⁶⁾	1,170,653 ⁽²⁸⁾	8,025,718 ⁽²⁹⁾	2,166,737 ⁽³⁰⁾	1,083,705 ⁽³¹⁾
Net Assets as at, February 28, 2022	31,574,060 ⁽¹⁰⁾	295,132	18,058,081 ⁽⁹⁾	1,072,496 ⁽¹¹⁾	8,681,594 ⁽¹²⁾	2,212,205 ⁽¹³⁾	1,254,551 ⁽¹⁴⁾
		18,353,214 ⁽¹⁷⁾			13,220,846 ⁽¹⁵⁾		

Footnotes refer to Statement of Financial Position and Statement of Activities



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	Pools & Spas Reserve Fund
Balance Dec 31, 2021 (at Market)	15,256,539 (25)	2,809,726 (24)	1,170,653 (18)	8,025,718 (19)	2,166,737 (20)	1,083,705 (21)
Changes since Jan 1, 2021:						
Principal additions	5,119,290	3,600,000	-	1,132,047	116,771	270,472
Investment income	36,358	4,644	1,548	25,982	4,163	21
Withdrawals	(1,014,839)	(840,000)	-	(77,824)	-	(97,015)
Investment Expenses	(18,862)	-	(1,527)	(14,078)	(3,257)	-
Net Change for 2 Months	4,121,947	2,764,644	21	1,066,127	117,678	173,478
Balance before Market Change at February 28, 2022	19,378,486	5,574,369	1,170,674	9,091,845	2,284,414	1,257,183
2 Months Net Change in Investments Gain/(Loss)	(685,533)	(102,263)	(98,179)	(410,251)	(72,209)	(2,632)
Balance at February 28, 2022 (at Market)	\$ 18,692,953 (8)	5,472,106 (7)	1,072,495.59 (1)	8,681,594 (2)	2,212,205 (3)	1,254,551 (4)

13,220,846 (15)

Footnotes refer to Statement of Financial Position and Statement of Activities

GVR Cash Requirements Report

FY 2022

ACTUAL / PROJECTED	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Operating Cash in Bank Acct.												
Beginning of Month Balance	3,762,552	1,038,117	803,687	777,377	766,661	714,320	698,103	818,071	801,855	816,372	909,230	952,089
Transfer In	-	-	500,000	250,000	250,000	250,000	250,000	250,000	500,000	500,000	500,000	-
Transfer Out	(2,760,000)	-	-	-	-	-	-	-	-	-	-	(1,000,000)
Cash Receipts	1,036,779	629,612	624,279	640,276	633,651	634,775	634,775	634,775	634,775	493,850	443,850	4,613,877
Cash Disbursements	(1,001,214)	(864,042)	(1,150,589)	(900,992)	(935,992)	(900,992)	(764,807)	(900,992)	(1,120,258)	(900,992)	(900,992)	(792,992)
Net Operating Cash Flow	35,565	(234,430)	(526,310)	(260,716)	(302,341)	(266,217)	(130,032)	(266,217)	(485,483)	(407,142)	(457,142)	3,820,885
Ending of Month Balance	1,038,117	803,687	777,377	766,661	714,320	698,103	818,071	801,855	816,372	909,230	952,089	3,772,974
Operating Investment Accounts (A&B)												
Beginning of Month Balance	2,809,725	5,511,632	5,472,107	4,927,967	4,633,148	4,337,960	4,042,403	3,746,477	3,450,181	2,903,514	2,356,164	1,808,130
Transfer In	2,760,000	-	-	-	-	-	-	-	-	-	-	1,000,000
Transfer Out	-	-	(550,979)	(300,979)	(300,979)	(300,979)	(300,979)	(300,979)	(550,979)	(550,979)	(550,979)	(50,979)
Earned Income on Investments	(58,093)	(39,526)	6,840	6,160	5,791	5,422	5,053	4,683	4,313	3,629	2,945	2,260
Ending of Month Balance	5,511,632	5,472,107	4,927,967	4,633,148	4,337,960	4,042,403	3,746,477	3,450,181	2,903,514	2,356,164	1,808,130	2,759,411
MRR Reserve												
Beginning of Month Balance	8,025,718	8,791,952	8,681,594	8,494,329	8,311,359	8,127,460	7,942,626	7,756,852	7,588,478	7,419,248	7,249,158	7,078,203
Transfer In MRR Funding	1,132,047	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	(59,808)	(17,234)	(230,227)	(225,005)	(225,005)	(225,005)	(225,005)	(206,754)	(206,754)	(206,754)	(206,754)	(206,754)
Net Earned Income on Investments	(306,005)	(93,124)	42,961	42,036	41,106	40,171	39,231	38,380	37,524	36,664	35,799	34,930
Ending of Month Balance	8,791,952	8,681,594	8,494,329	8,311,359	8,127,460	7,942,626	7,756,852	7,588,478	7,419,248	7,249,158	7,078,203	6,906,379
MRR - B Pool and Spa Replacement Reserve												
Beginning of Month Balance	1,083,705	1,257,172	1,254,552	1,074,354	901,981	789,971	678,398	566,610	511,479	456,215	400,963	402,901
Transfer In MRR B Pool & Spa Funding	270,472	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	(97,015)	-	(181,714)	(173,671)	(113,100)	(113,100)	(113,100)	(56,500)	(56,500)	(56,354)	-	-
Net Earned Income on Investments	10	(2,620)	1,516	1,298	1,090	1,527	1,312	1,369	1,236	1,103	1,938	1,947
Ending of Month Balance	1,257,172	1,254,552	1,074,354	901,981	789,971	678,398	566,610	511,479	456,215	400,963	402,901	404,849
Initiatives Reserve												
Beginning of Month Balance	2,166,737	2,176,743	2,212,204	2,175,230	2,138,077	2,135,913	2,701,470	2,633,930	2,566,062	2,497,867	2,429,342	2,360,486
Transfer In	61,189	55,582	50,979	50,979	50,979	50,979	50,979	50,979	50,979	50,979	50,979	50,979
Other Funding	-	-	-	-	35,000	600,000	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Income on Investments	(51,183)	(20,120)	10,463	10,284	10,274	12,994	12,669	12,343	12,015	11,685	11,354	11,021
Transfer Out	-	-	(98,417)	(98,417)	(98,417)	(98,417)	(131,190)	(131,190)	(131,190)	(131,190)	(131,190)	(131,190)
Ending of Month Balance	2,176,743	2,212,204	2,175,230	2,138,077	2,135,913	2,701,470	2,633,930	2,566,062	2,497,867	2,429,342	2,360,486	2,291,297
Emergency Reserve												
Beginning of Month Balance	1,170,653	1,091,650	1,072,496	1,078,574	1,084,685	1,090,832	500,413	503,249	506,101	508,969	511,853	514,753
Transfer In	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	(600,000)	-	-	-	-	-	-
Net Earned Income on Investments	(79,003)	(19,154)	6,077	6,112	6,147	9,581	2,836	2,852	2,868	2,884	2,900	465
Ending of Month Balance	1,091,650	1,072,496	1,078,574	1,084,685	1,090,832	500,413	503,249	506,101	508,969	511,853	514,753	515,218
Total Reserve Accounts												
Total Operating Cash	6,549,750	6,275,794	5,705,344	5,399,809	5,052,280	4,740,506	4,564,548	4,252,035	3,719,886	3,265,394	2,760,218	6,532,384
Grand Total Cash & Investments	19,867,267	19,496,640	18,527,830	17,835,912	17,196,456	16,563,414	16,025,189	15,424,155	14,602,185	13,856,710	13,116,562	16,650,127

GVR Cash Requirements Report FY 2022

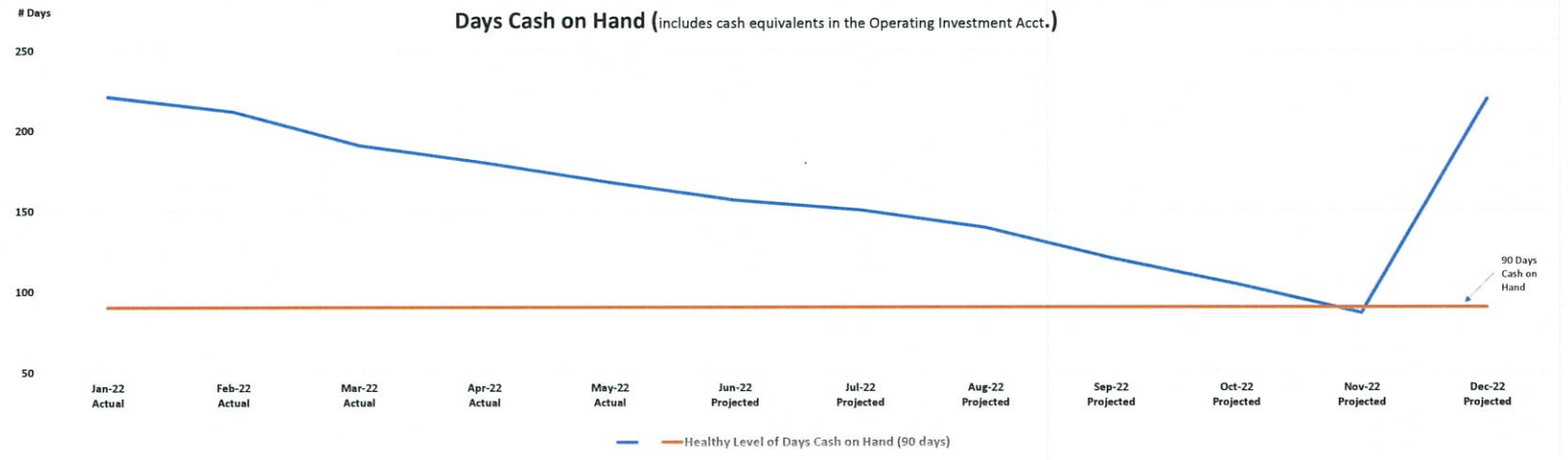
ACTUAL / PROJECTED

	Actual <u>Jan-22</u>	Actual <u>Feb-22</u>	Projected <u>Mar-22</u>	Projected <u>Apr-22</u>	Projected <u>May-22</u>	Projected <u>Jun-22</u>	Projected <u>Jul-22</u>	Projected <u>Aug-22</u>	Projected <u>Sep-22</u>	Projected <u>Oct-22</u>	Projected <u>Nov-22</u>	Projected <u>Dec-22</u>
Actual Days Oper. Cash on Hand (net of MCF Allowance)	221	212	191	180	168	157	150	139	121	104	87	220

January 1, 2022 Beg. Balance: Total Reserve Accounts 11,363,108 Total Operating Cash <u>6,572,278</u> Grand Total Cash & Investments <u>17,935,386</u>	Projected Ending Balance 2022 Total Reserve Accounts 9,712,893 Total Operating Cash <u>6,532,384</u> Grand Total Cash & Investments <u>16,245,278</u>
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Operating Cash	6,549,750	6,275,794	5,705,344	5,399,809	5,052,280	4,740,506	4,564,548	4,252,035	3,719,886	3,265,394	2,760,218	6,532,384
Invested Total	18,829,150	18,692,953	17,750,453	17,069,251	16,482,136	15,865,311	15,207,117	14,622,301	13,785,812	12,947,480	12,164,473	12,877,153

The Cash Requirements Report is for projecting cash balances of the Operating and Designated Cash Accounts only. This report is exclusively for the purpose of determining cash requirements and short term investment planning.





GVR MEMBER PROPERTIES MONTHLY REPORT

2022	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD
NEW MEMBERS	5	4	-	-	-	-	-	-	-	-	-	-	9
Total Members (2022)	13,777	13,781	13,781	13,781	13,781	13,781	13,781	13,781	13,781	13,781	13,781	13,781	13,781
Members Last Year (2021)	13,721	13,726	13,730	13,733	13,738	13,741	13,746	13,751	13,757	13,762	13,767	13,772	13,772
Members Before Last Year (2020)	13,658	13,664	13,666	13,669	13,680	13,682	13,686	13,693	13,697	13,702	13,707	13,718	13,718
MCF	106	92	-	-	-	-	-	-	-	-	-	-	198
Initial Fee	3	4	-	-	-	-	-	-	-	-	-	-	7
Disclosure Fee (new build no Initial fee)	2	-	-	-	-	-	-	-	-	-	-	-	2
Disclosure Fee (new build w/Initial fee)	4	4	-	-	-	-	-	-	-	-	-	-	8
Disclosure Fee (estate planning)	1	1	-	-	-	-	-	-	-	-	-	-	2
Discloser Fee (resale)	105	88	-	-	-	-	-	-	-	-	-	-	193
Disclosure Fee Non-Resale	8	6	-	-	-	-	-	-	-	-	-	-	14
Budget Monthly Resales (2022)	75	81	121	104	130	123	93	60	55	66	75	89	1,072
Monthly Resales (2022)	105	88	-	-	-	-	-	-	-	-	-	-	193
Monthly Resales Last Year (2021)	74	88	148	138	138	136	114	76	74	73	98	110	1,267
Monthly Resales 2 years prior (2020)	76	91	141	64	92	98	74	107	72	110	72	112	1,109
YTD Resales (2022)	105	193	-	-	-	-	-	-	-	-	-	-	193
YTD Resales Last Year (2021)	74	162	310	448	586	722	836	912	986	1,059	1,157	1,267	1,267
YTD Resales Before 2 years prior (2020)	76	167	308	372	464	562	636	743	815	925	997	1,109	1,109
Total Sales (new and resale) (2022)	110	92	-	-	-	-	-	-	-	-	-	-	202
Total Sales (new and resale) Last Year (2021)	77	93	152	141	143	139	119	81	80	78	103	115	1,321
Total Sales (new and resale) Before 2 years prior (2020)	84	97	143	67	103	100	78	114	76	115	77	123	1,177
MCF Refund	4	6	-	-	-	-	-	-	-	-	-	-	10
	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds	Refunds
\$2,816	1	2	-	-	-	-	-	-	-	-	-	-	-
\$2,716	3	4	-	-	-	-	-	-	-	-	-	-	-
\$2,616	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4	6	-	-	-	-	-	-	-	-	-	-	-
	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced	Invoiced
\$2,816	75	89	-	-	-	-	-	-	-	-	-	-	-
\$2,716	33	8	-	-	-	-	-	-	-	-	-	-	-
\$2,616	3	2	-	-	-	-	-	-	-	-	-	-	-
\$2,474	-	2	-	-	-	-	-	-	-	-	-	-	-
Total	111	101	-	-	-	-	-	-	-	-	-	-	-

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**Green Valley Recreation Inc.
OPEX, CAPEX and CIP
Summary**

MRR Operating Expenditures

Fund		2022 Budget	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Operating Expenditure	Remaining Operating Budget
MRR	Office Computer Work Stations	26,505	-	-	-	-	-	-	-	-	-	-	-	-	-	26,505
	Audio/Visual															
	Facility & Maintenance Furniture & Equipment	243,415	390	834	-	-	-	-	-	-	-	-	-	-	1,224	242,191
Total		269,920	390	834	-	-	-	-	-	-	-	-	-	-	1,224	268,696

YTD CAPEX (Capital Expenditures)

Fund		Carry Over Budgeted	2022 Budget	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Capital Expenditure	Remaining Capital Budget
Operations	NRCP	-	218,000	123,518	20,968	-	-	-	-	-	-	-	-	-	-	144,485	73,515
	Clubs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disposed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Initiatives		-	1,616,705	-	-	-	-	-	-	-	-	-	-	-	-	-	1,616,705
MRR		-	1,971,128	65,731	11,794	-	-	-	-	-	-	-	-	-	-	77,525	1,893,603
Emergency		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pools & Spa		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			3,805,833	189,249	32,762	-	-	-	-	-	-	-	-	-	-	222,010	3,583,823

Construction-In-Progress Cumulative Monthly Balance

Fund		2021 Balance	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Operations	NRCP	56,780	24,710	24,875	-	-	-	-	-	-	-	-	-	-
	Clubs	21,203	6,056	12,306	-	-	-	-	-	-	-	-	-	-
Initiatives		166,962	166,962	167,318	-	-	-	-	-	-	-	-	-	-
MRR		42,505	20,549	20,975	-	-	-	-	-	-	-	-	-	-
Emergency		-	-	-	-	-	-	-	-	-	-	-	-	-
Pools		-	313,517	399,400	-	-	-	-	-	-	-	-	-	-
Monthly Running Balance		287,448	531,794	624,874	-	-	-	-	-	-	-	-	-	-



Green Valley Recreation Inc 2022 Capital Expenditures

Fund 1 - Non-Reserve and Clubs Capital Projects

MRR Code	Micro Main Code	Fund	Dept	Cntr	Cntr Des	Description	Carry Over Budget	Budget 2021	Dec-2020 Carry Over	Jan-22	Feb-22	Capitalized
	GVR-03-2021	1		0	GVR	Prox readers and CCTV - Security & safety	\$ -	\$ -	\$ -	\$ 32,069	\$ -	\$ 32,069
		1		16	PBC	Bleachers	\$ -	\$ -	\$ -	\$ 18,953	\$ -	\$ 18,953
		1		11	CH	Clear Comfort Water	\$ -	\$ -	\$ -	\$ 13,451	\$ -	\$ 13,451
		1		11	CH	Katom Dishwasher	\$ -	\$ -	\$ -	\$ -	\$ 10,484	\$ 10,484
		1		8	DH	Clear Comfort Water	\$ -	\$ -	\$ -	\$ 13,451	\$ -	\$ 13,451
		1		8	DH	Katom Dishwasher	\$ -	\$ -	\$ -	\$ -	\$ 10,484	\$ 10,484
		1		15	FMB	Skid Steer Loader and Bucket	\$ -	\$ -	\$ -	\$ 45,593	\$ -	\$ 45,593
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Reserve Capital Projects							\$ -	\$ -	\$ -	\$ 123,518	\$ 20,968	\$ 144,485
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clubs							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposed Assets							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund 1 (Clubs & NRC)							\$ -	\$ -	\$ -	\$ 123,518	\$ 20,968	\$ 144,485

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Green Valley Recreation Inc 2022 Capital Expenditures

Fund 3 - MRR Capital Projects

MRR Code	Micro Main Code	Fund Dept Cntr	Cntr Des	Description	Carry Over Budget	Budget 2022	Dec-2020 Carry Over	Jan-22	Feb-22	Capitalized
040-212-23000		3 12	LC	040-212-23000 Air Unit 9 Replaced	-	\$ -	\$ -	\$ 12,750	\$ -	\$ 12,750
060-12000-746	CH-14-2021	3 11	CH	Equipment replacement Pool & Spa	-	\$ -	\$ -	\$ 20,247	\$ -	\$ 20,247
140-12000-778		3 3	ABN	2 Pool Heaters Replaced	-	\$ -	\$ -	\$ -	\$ 11,794	\$ 11,794
800-3000-710		3 15	FMB	APC Trailer	-	\$ -	\$ -	\$ 24,889	\$ -	\$ 24,889
010-22000-100		3 10 8	DH	IT Servers Update	-	\$ -	\$ -	\$ 7,845	\$ -	\$ 7,845
Total Fund 3 (MRR-Capital Expenditures)					-	\$ -	\$ -	\$ 65,731	\$ 11,794	\$ 77,525



Green Valley Recreation Inc 2021 Capital Expenditures Fund 3 - MRR Operating Expenses

MRR Operating Expenses													
MRR Code	Micro Main Code	Fund	Acct	Cntr	Dept	Cntr Des	Description	Budget	Dec-21	Jan-22	Feb-22	Expensed	Balance
							01000 - Paving 100 - Asphalt: Sealing 27,762 sf Parking Lots- Seal, Stripe		-	-	-	-	-
							01000 - 05000 Roofing 930 Coating		-	-	-	-	-
							03500 - Painting: Interior 112 - Building 17,350 sf All Interior Spaces		-	-	-	-	-
							17500 - Basketball / Sport Court 210 - Seal & Striping 18,200 sf [8] Pickleball Courts		-	-	-	-	-
							02000 - Concrete 472 - Pool Deck 4,523 sf Pool/Spa Area Concrete Repair (6%)		-	-	-	-	-
							01000 - Paving 147 - Asphalt: Sealing 15,000 sf 2020 Addition Area (2021 Only)[nr:1]		-	-	-	-	-
							02000 - Concrete 442 - Pool Deck 5,565 sf Pool/Spa Area Concrete Repair (5%)		-	-	-	-	-
							03500 - Painting: Interior 106 - Building 24,000 sf All Interior Spaces		-	-	-	-	-
							05000 - Roof Coating		-	-	-	-	-
							17000 - Tennis Court 100 - Reseal 43,200 sf [6] Tennis Courts		-	-	-	-	-
							03500 - Painting: Interior 124 - Building 26,950 sf All Interior Spaces		-	-	-	-	-
							05000 - Roofing 946 - Coating 13,700 sf Low Slope Roof Recoating		-	-	-	-	-
							00060 - 05000 - Roofing 950 Coating		-	-	-	-	-
									-	-	-	-	-
							03500 - Painting: Interior 118 - Building 21,900 sf All Interior Spaces		-	-	-	-	-
							02000 - Concrete 412 - Pool Deck 4,731 sf Pool/Spa Area Concrete Repair (7.5%)		-	-	-	-	-
							03500 - Painting: Interior 136 - Building 35,500 sf All Interior Spaces		-	-	-	-	-
							02000 - Concrete 430 - Pool Deck 5,975 sf Pool/Spa Area Concrete Repair (6%)		-	-	-	-	-
							03000 - Painting: Exterior 406 - Wrought Iron 614 lf Metal Fencing & Railings		-	-	-	-	-
							03500 - Painting: Interior 142 - Building 26,200 sf All Interior Spaces		-	-	-	-	-
							14000 - Recreation - Exercise Cardio Equipment - Elliptical, Rowing Machines, Benches		-	-	-	-	-
							12000 - Pool 948 - Furniture Misc Pool & Spa Equipment (50%)		-	-	-	-	-
							01000 - Paving 170 - Asphalt: Sealing 39,629 sf Parking Lot		-	-	-	-	-
							22000 - Office Equipment 240 - Computers, Misc. Office Computer Work Stations		-	-	-	-	-
							27000 - Appliances 800 - Miscellaneous - 13 Kitchen Appliances (33%)		-	-	-	-	-
							14000 - Recreation - Exercise Cardio Equipment - Elliptical, Rowing Machines, Benches		-	-	-	-	-
							24500 - Audio / Visual 160 - Projector 3 Projectors (33%)		-	-	-	-	-
Total Fund 3 MRR Operating Expenses								\$	-	-	-	-	-

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Allowance for Doubtful Accounts & Bad Debt Expense
12/31/2021

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>		
1100 Accounts Receivable Balance	\$ 362,574	\$ 376,980	\$ 370,675	\$ 288,103	\$ 270,102	\$ 217,430		
1130 Allowance for Bad Debt Balance 12/31/2015						\$ 104,000		
1130 Allowance for Bad Debt Balance 12/31/2016					\$ 128,000	\$ 128,000		
1130 Allowance for Bad Debt Balance 12/31/2017				\$ 152,000	\$ 152,000			
1130 Allowance for Bad Debt Balance 12/31/2018			\$ 176,000	\$ 176,000				
1130 Allowance for Bad Debt Balance 12/31/2019		\$ 200,000	\$ 200,000					
1130 Allowance for Bad Debt 12/31/2020	\$ 176,562	\$ 176,562						
1130 Allowance for Bad Debt 12/31/2021	\$ 174,912							
Increase (Decrease) in Allowance for Bad Debt	\$ (1,650)	\$ (23,438)	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	6 year (2016-2021) Write offs	
Direct Write offs	\$ 1,650	\$ 23,438	\$ 9,925	\$ 56,744	\$ 46,643	\$ 37,718	Total	Average
							\$ 176,118	\$ 29,353
9121 Total Bad Debt Expense	\$ 0	\$ 0	\$ 33,925	\$ 80,744	\$ 70,643	\$ 61,718		
Total Accounts Receivable	\$ 362,574	\$ 376,980	\$ 370,675	\$ 288,103	\$ 270,102	\$ 217,430		
Less Allowance for Bad Debt	\$ 174,912 48%	\$ 176,562 47%	\$ 200,000 54%	\$ 176,000 61%	\$ 152,000 56%	\$ 128,000 59%		
Net Accounts Receivable	\$ 187,662	\$ 200,418	\$ 170,675	\$ 112,103	\$ 118,102	\$ 89,430		
Accounts Receivable Grater than 120 days	\$ 330,544	\$ 355,622	\$ 289,019					
Less Allowance for Bad Debt	\$ 174,912 53%	\$ 176,562 50%	\$ 200,000 69%					
Net Accounts Receivable > 120	\$ 155,632	\$ 179,060	\$ 89,019					

53% of the greater than 120 days AR is reserved for bad debt. These receivables were issued to an agency for collection in 2020 and 2021. Management believes that the current allowance is sufficient and recommends that we continue to apply write offs to the allowance account and do not continue to accrue additional bad debt expense until the allowance percentage is lower.



MEMO

TO: Scott Somers
FROM: David Webster
DATE: March 11, 2022
RE: Appropriate Balance for Emergency Reserve

Scott, the FAC has requested that we bring forward the topics we have been discussing and researching regarding the appropriate level of funds for the GVR Emergency Fund. Back in 2014, this account had \$540,000. After spending only a small amount out of this account in the past 7 years the investment earnings have grown this fund to \$1,072,496 as of February 28, 2022. The CPM states that Contributions to the Emergency Reserve Fund shall be recommended by the Chief Financial Officer (CFO) to the Board for consideration and approval. At a minimum, we should transfer annual earnings out of the Emergency Fund, I believe we should also transfer the cumulative total of earnings into the Initiatives account to be used to help with the projects we have planned in our Long-Term Capital Funding Projection. The current low balance point of the Initiatives Fund balance in this projection is \$745,596 in 2023. A \$600,000 transfer from Emergency to Initiatives will help with this Long-Term plan and would not compromise the investment earnings potential of this cash and would leave us with a very healthy Emergency reserve of around \$500,000. I spoke with our insurance advisors about the relevance of \$500,000 in an Emergency Fund and we could not determine a need for more than this amount in terms of risk management. Furthermore, I do not believe a Reserve greater than \$500,000 is necessary for the requirements as prescribed by the CPM. For your information, the Industry benchmark of 3% of Gross Revenue would require only \$340,000 of Emergency Reserve for GVR.

Items that GVR may need this Fund for include the following:

- Insurance deductibles - \$1,000 to \$10,000 depending on the event. Operating cash could easily accommodate this need.

- Economic Downturns – GVR has proven to have relatively stable income streams from Dues and Capital Fees through the Pandemic period. These two items make up about 85% of the annual revenue. However, with Capital Revenue budget of \$2,500,000 which comprise 23% of GVR’s total revenue, this is the most “at risk” income category. While this revenue category remains stable or growing, GVR could conceivably see a sudden decline in this revenue source. In 2016 when GVR had lower transaction rates and different policies that resulted in lower revenues, the total income was a recent low point of \$2,007,000. The 2022 work plan includes the following task: “As part of annual budget development process with staff, develop contingency plans, such as decreasing expenditures by 10%, 20%, etc.” I believe that a sudden unexpected decline of Capital Revenue greater than \$500,000 to GVR is very unlikely.
- Unforeseen uninsured expenses – after discussing this with two insurance advisors, we have determined that this is a very limited risk. GVR has sufficient insurance. In recent years, the only expenditure of Emergency Funds has been a \$15,000 disbursement at the East Center.
- Major failure of Property, Plant and Equipment – GVR’s Maintenance Repair and Replacement Fund and MRR – B Fund for Pools and Spas sufficiently provide for pools, equipment, parking lots, recreation facilities, and mechanical property. The risk to GVR may be if a building were to require replacement or remediation. This is extremely unlikely due to our proactive maintenance plan. Furthermore, the event may be covered by insurance dependent on the circumstances.
- Theft, Fraud, and Embezzlement – GVR has insurance and control policies in place that makes this a very low risk. With the recent additional data security investments, the risk from ransomware is mitigated as well.
- Other – there are always other unforeseen risks. However, looking at GVR’s Statement of Financial Condition supports the position that GVR is well

positioned to sustain unexpected financial setbacks. Evidence of this position includes the fact that as of December 31, 2021, GVR has over \$19 million in Current Assets and all but \$460,000 is in cash or near cash deposits. GVR's Fixed Assets have a Book Value of \$18 million and a market value of approximately \$40 million and no debt. Current Liabilities are \$5.6 million leaving GVR with a very strong balance of book value Net Assets of almost \$32 million with zero debt. Furthermore, the \$15 million in investments included in Current Assets have appropriate Investment Policy Statements that reflect the risk and time horizon of the funds and are generally conservative. The Balance Sheet strength and reliability of GVR's revenue streams make GVR a very financially strong organization.

When GVR is examined holistically with the 90-day Operating Cash Policy, GVR Surplus Policy, Funding Policies for the MRR Fund, MRR-B Pool and Spa Fund, and Initiatives Fund, along with the general prudent monthly review of Operating Revenue and Expenses and Budget that is conducted, the need for an Emergency Fund that is greater than \$500,000 is not warranted.

Staff recommends transferring the Emergency Fund balance that is greater than \$500,000 into the Initiatives account. Annually, after the fiscal year has ended and the GVR books are closed, any earnings that cause the Emergency Fund balance to grow in excess of \$500,000 should be transferred into Initiatives.