



**2025
ANNUAL MEETING
OF THE CORPORATION**

**Wednesday, March 26, 2025 – 9:00am
West Center Auditorium / Zoom**

AGENDA

**Code of Conduct*

- 1. Call to Order** – President Marge Garneau
- 2. Presentations:**
 - A. Election Results** – N&E Chair Candy English
 - 1) Report on Quorum
 - 2) Election Results
 - B. President's Report** – President Marge Garneau
 - C. 2024 Audit Report** – R & A CPAs
 - D. Year-End Review** – CEO Scott Somers
- 3. Member Comments**
- 4. Adjournment**



Green Valley Recreation, Inc.

Presentation to the Board of Directors, Year Ended December 31, 2024

R&A CPAs, P.C.
4542 E. Camp Lowell, Ste. 100
Tucson, Arizona 85712





TOPICS FOR DISCUSSION

- Required Communications with Those Charged with Governance at the Conclusion of the Audit
- Auditors' Report on Financial Statements
- Key Audit Areas
- Financial Statement Highlights
- Management Letter Comments
- Upcoming Accounting Standards Affecting GVR
- Industry Updates
- Concluding Remarks
- Questions



REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT

- Qualitative aspects of accounting practices
 - No new accounting standards adopted for December 31, 2024
 - Application of existing accounting policies did not change
 - We noted no transactions during the period for which there is a lack of authoritative guidance
- Difficulties encountered in performing the audit
 - We encountered no difficulties in performing the audit
- Corrected and uncorrected misstatements
 - We identified six audit adjustments and five reclassifications
 - There were no passed adjustments



REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT (CONT'D)

- Disagreements with management
 - There were no disagreements with management
- Management consultations with other independent accountants
 - No such consultations were required
- Other matters
 - No other matters require communication to the Board



AUDITORS' REPORT ON FINANCIAL STATEMENTS

- R&A issued an unmodified opinion
 - Unmodified or sometimes referred to as a “clean opinion”
 - There were no material modifications to the financial statements required for them to be in conformity with accounting standards generally accepted in the United States of America



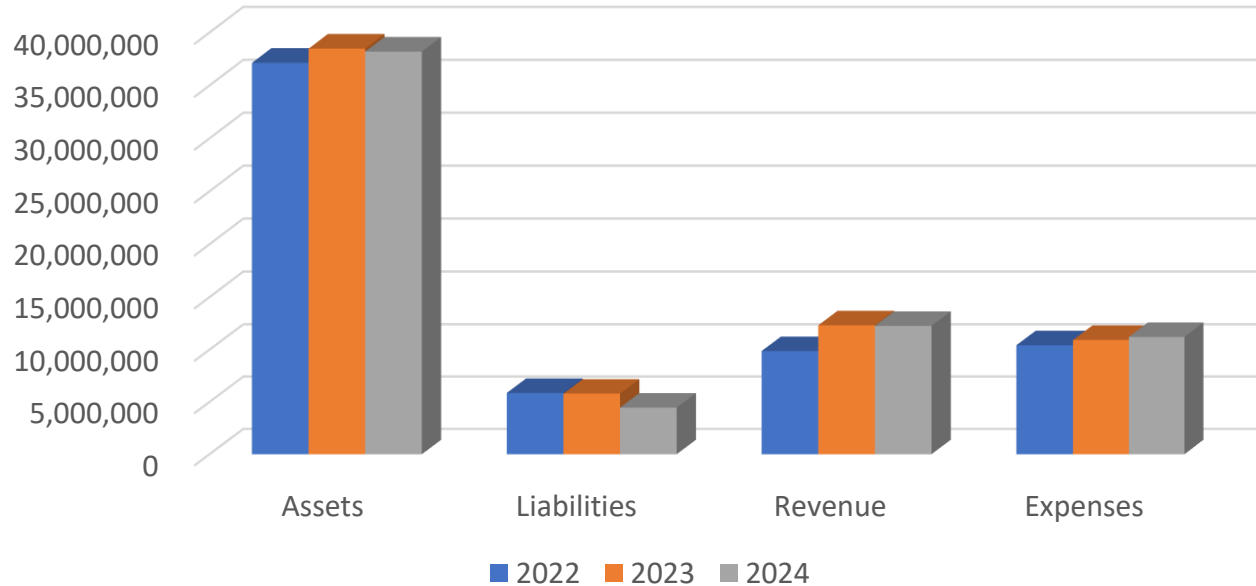
KEY AUDIT AREAS

- Program Revenue & Receivables
- Investments
- Property & Equipment
- Program Expenses, Accounts Payable and Other Liabilities
- Payroll & Related Liabilities
- Deferred Revenue
- Net Assets
- Cash



FINANCIAL STATEMENT HIGHLIGHTS

Overall 3 Year Trends





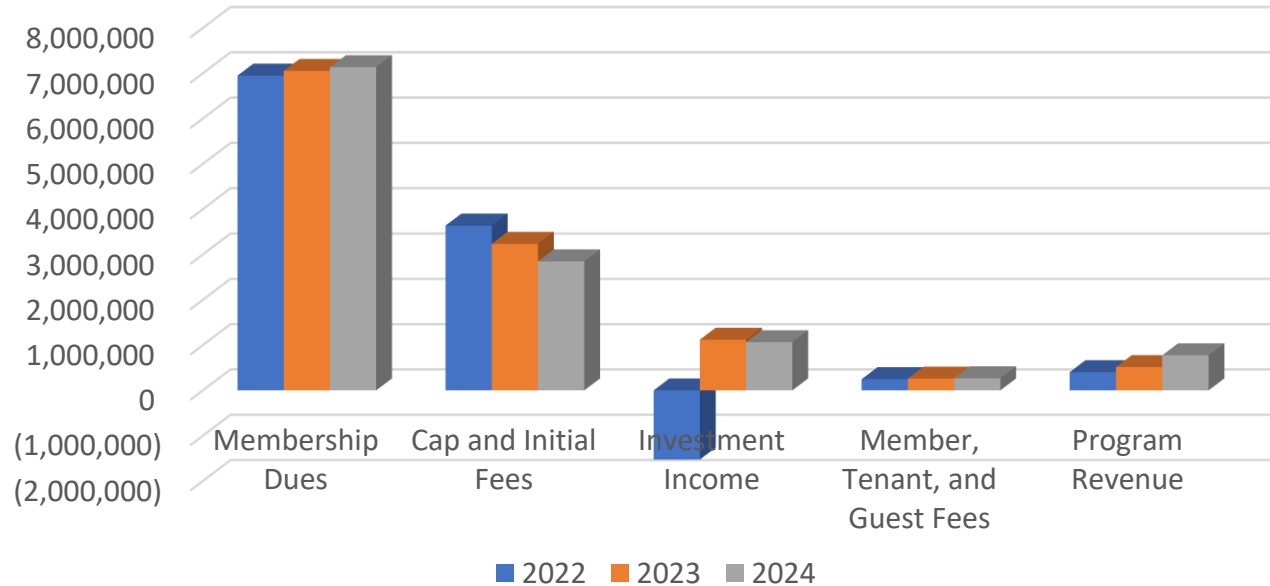
FINANCIAL STATEMENT HIGHLIGHTS

- Increase in Cash of \$349K
 - Increase is due to positive cash flows from operations of \$373K.
- Decrease in Investments of \$1.6M
 - Decrease in investments resulted from the additional funding from operating cash plus \$1.1M of investment income, including realized and unrealized gains, offset by withdrawals for capital expenses.
- Decrease in Accounts Receivable of \$56K
 - Overall accounts receivable is comparable year over year.
- Increase in Property & Equipment of \$2.3M
 - Increase in property and equipment resulted from investments in CIP, equipment, building improvements and grounds amenities during the year.
- Liabilities decreased by \$1.3M mostly due to a decrease in deferred revenue resulting from collections shifting from December 2024 to January 2025.
- Increase in Net Assets of \$1.1M
- Revenues were comparable at \$11.2M
- Increase in Expenses of \$290K



FINANCIAL STATEMENT HIGHLIGHTS

Revenue Segmentation 3 Year Trends





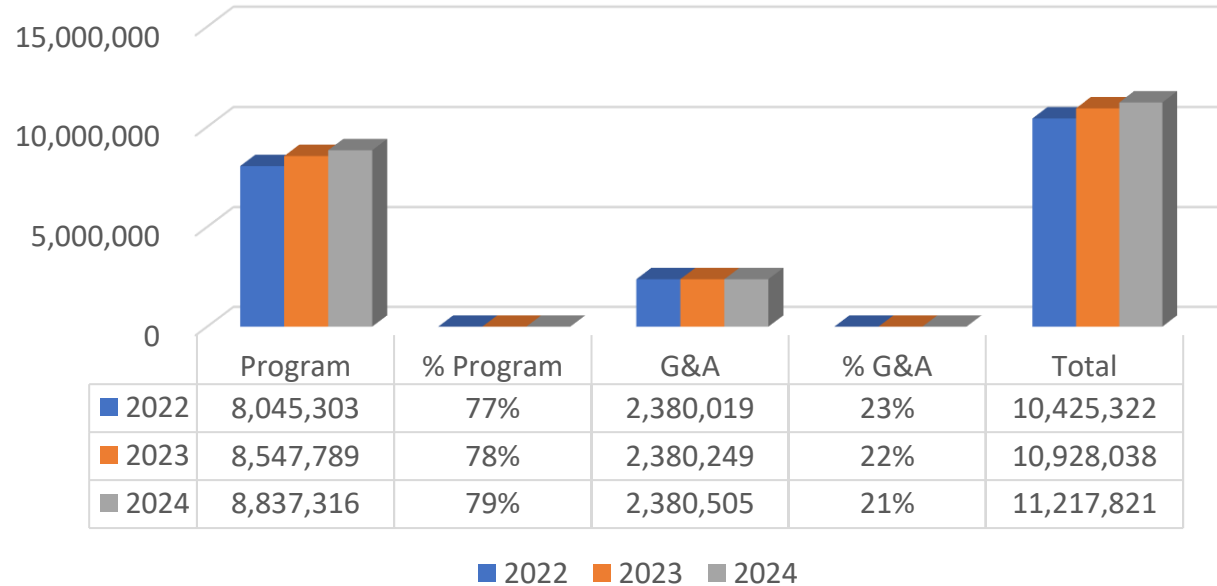
FINANCIAL STATEMENT HIGHLIGHTS

- Membership Dues increased \$82K
 - 22 new members in 2024 and annual dues in 2024 increased to \$515.
- Decrease in New Member Capital and Initial Fees of \$387K
 - Fewer homes were sold in 2024 – 803 vs. 939 in 2023 – offset by increased fee of \$3,000 in 2024 vs. \$2,900 in 2023.
- Decrease in investment income of \$100K
 - Overall, interest and dividends, and realized and unrealized gains were comparable year over year.
- Increase in Member, Tenant, and Guest Fees of \$7K
 - Overall, revenue was comparable year over year.
- Increase in Program Income of \$260K
 - Increased program fees to make events cover costs associated with running them and higher attendance in 2024.



FINANCIAL STATEMENT HIGHLIGHTS

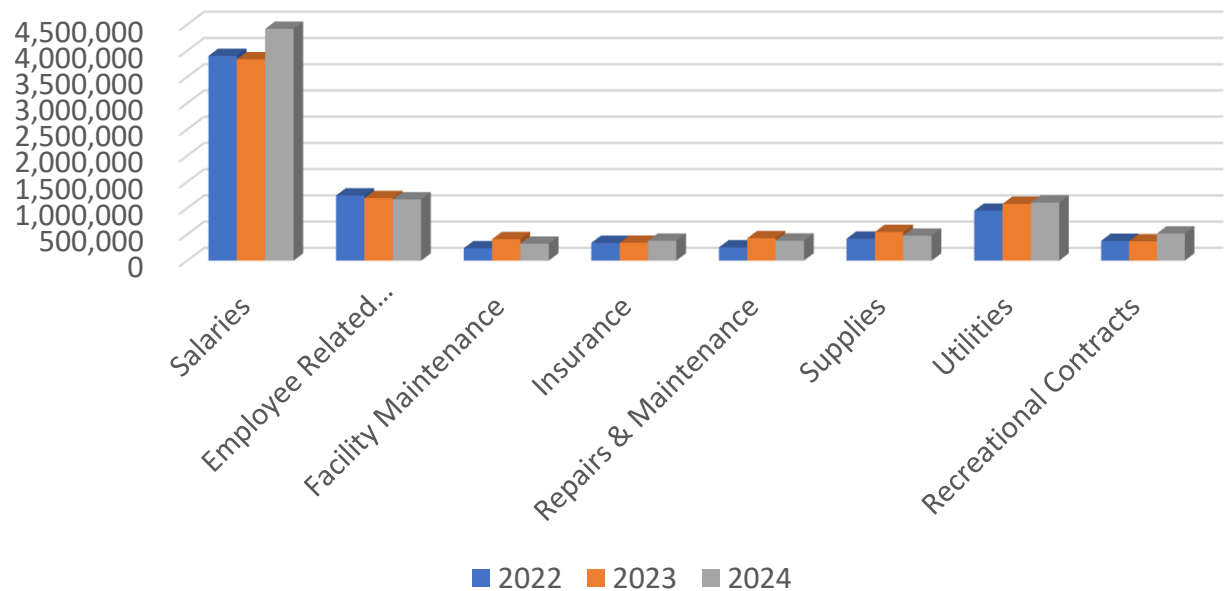
Expense Trends by Major Group





FINANCIAL STATEMENT HIGHLIGHTS

Expense Segmentation 3 Year Trends





FINANCIAL STATEMENT HIGHLIGHTS

- Increase in Salaries and Wages of \$579K
 - Primarily related to the retention of maintenance employees in lieu of continuing with the outside company providing services, including pool maintenance for the first time. Also, includes raises of 4% increase on average over 2023.
- Decrease in Employee Related Expenses of \$25K
 - Primarily related to \$127K decrease in medical insurance costs from fewer participants in 2024, partially offset by higher payroll taxes and 401K contributions.
- Decrease in Facility Maintenance of \$86K
 - Primarily related to \$110K decrease from cancelling the maintenance contract for outside company to perform maintenance and repairs, offset by \$24K increase in general maintenance costs.
- Increase in Insurance of \$40K
 - Overall insurance was comparable with a rate increase year over year.
- Decrease in Repairs and Maintenance of \$45K
 - Resulted from less spending in 2024 for contract labor compared to 2023.



FINANCIAL STATEMENT HIGHLIGHTS

- Decrease in Supplies of \$71K
 - Resulted from less consumption of hardware supplies in 2024 compared to 2023.
- Increase in Utilities of \$24K
 - Overall utilities is comparable year over year with a 2% increase.
- Increase in Recreational Contracts of \$148K
 - Resulted from more shows and entertainers engaged in 2024 compared to 2023.



FINANCIAL STATEMENT HIGHLIGHTS

- Statement of Cash Flows –
 - Cash provided by operating activities decreased \$1.4M
 - Decreased operating cash flows resulted primarily from the shifting of member receipts from 2024 to 2025, coupled with payment of payables close to year end.
 - Cash used by investing activities increased \$1.8M
 - Increased from investments fully funding the property investments in 2024.
 - Cash used by financing activities is comparable year over year



FINANCIAL STATEMENT HIGHLIGHTS

- Notes to the Financial Statements –
 - Note A – New Accounting Pronouncement
 - Note C – Investment in Marketable Securities
 - Note E – Operating and Finance Leases
 - Note G – Refundable Membership Change Fee Liability
 - Note L – Future Major Repairs and Replacements



MANAGEMENT LETTER COMMENTS

- We are pleased to report that R&A did not issue a Management Letter in 2024
 - We did not identify any matters that required communication to management.



INDUSTRY UPDATES

- Homeowners' associations have experienced annual industry revenue growth of 0.0% over the last five years, which includes 0.9% growth in 2024. This does not include inflation.
- Over the next five years, industry revenue will rise at an annual growth rate of 1.9%. This does not include inflation.
- Despite a slight decline in the homeownership rate over the next five years, the industry will experience expanding membership from rising disposable incomes.
- Investors in Arizona properties for renting prefer housing structured as an association.
- One of the drivers for these communities is the market evidence for rising demand for offerings such as social clubs, holiday celebrations, and recreational activities.



INDUSTRY UPDATES

- Counties and municipalities are mandating more responsibility to residential developers, leading them to establish homeowners' associations for infrastructure and community service tasks.
- Senior living communities will continue to be a key element to industry revenue – at least for the next 10 years.
- Housing starts are a key external driver in the industry. New housing permits softened through December 2024 and rose in January 2025 and rose again in February 2025 in the Tucson Metro area, which includes Green Valley.
- While the CPI came in lower than expectations signaling that inflation is moving back toward normal, the Federal Reserve is taking a wait and see approach to the effects of the tariffs imposed by the current administration on consumer prices.
- With three rate cuts between September and December 2024, the Federal Reserve is clearly looking to cut rates.



INDUSTRY UPDATES

- Real estate statistics indicate the median sale price of homes in Green Valley decreased 2.2% from February 2024 to February 2025.
- Housing inventory up 37% with 502 homes listed as of February 2025 compared to February 2024.
- Days on the market rose from 72 days in February 2024 to 90 days in February 2025. Sale to list price ratio is between 97% and 98%.
- The Arizona Association of Realtors anticipates increased transaction activity in 2025 as buyers who were on the sidelines due to interest rate fluctuations re-engage with the market.
- Some forecasts suggest that highly desirable rural markets may continue to be somewhat resilient due to strong demand.



UPCOMING ACCOUNTING STANDARDS AFFECTING GVR

- No New Significant Accounting Standards for 2025



THANK YOU

R&A's partners and staff thank the Chief Financial Officer, management, and staff of Green Valley Recreation, Inc. for their cooperation throughout the audit.

We also thank the Board of Directors for the opportunity to serve Green Valley Recreation, Inc.



QUESTIONS

Providing excellent facilities and services that create opportunities for recreation, social activities, and leisure education to enhance the quality of our members' lives.



GVR

2024 Year in Review

Annual Meeting

2025

2024 Year in Review

- 2024 Snapshot of GVR
- 2024 Accomplishments
- 2025 Goals and Projects

2024 Snapshot of GVR

2024 Snapshot of GVR

13,872

Individual Households

Increase of 22 over 2023

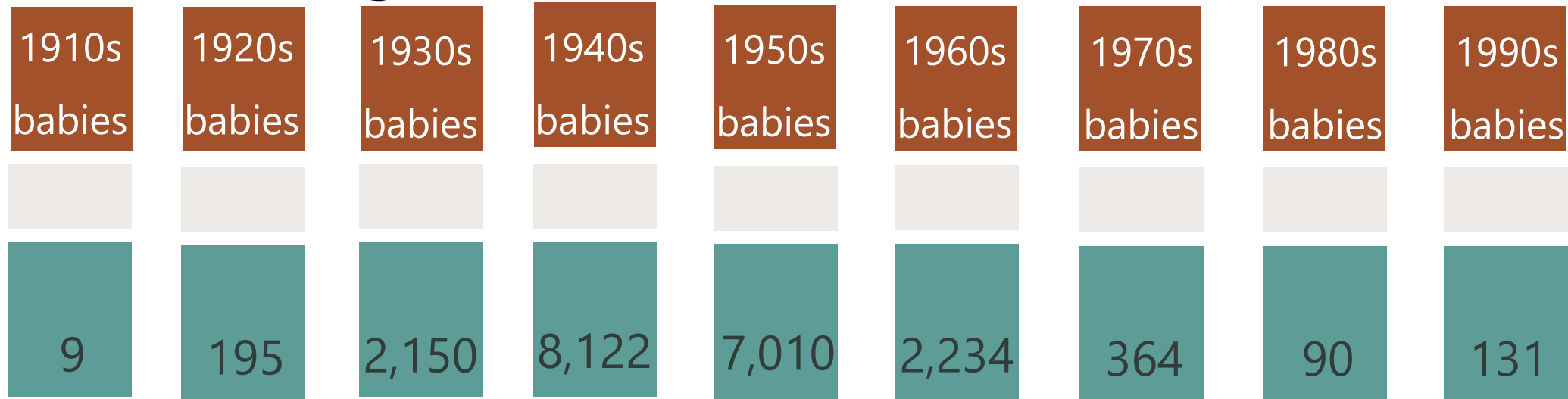
22,335

Individual Members

Decrease of 7 over 2023

2024 Snapshot of GVR

By the Decade



Most popular birth year: 1947

2024 Snapshot of GVR

1,535

Guest Passes Issued

Increase of 95 over 2023

1,181

Tenant Passes Issued

Decrease of 69 over 2023

87

LifeCare Member
Passes Issued

Increase of 13 over 2023

2024 Snapshot of GVR

Centers

7

Major Centers

8

Satellite Centers

2024 Snapshot of GVR

Centers

176,283 Square Feet

57 Acres

2024 Snapshot of GVR

Pools & Spas

26

Pools & Spas

1,210,613

Gallons

2024 Snapshot of GVR

Fitness

6

Fitness Centers

230

Pieces of Large
Fitness Equipment

2024 Snapshot of GVR

Board of Directors

13

People served on the
Board of Directors

28

Members served on
Board Committees

2024 Snapshot of GVR

Board of Directors

31

Hours served in Board Meetings (Estimated)

53

Hours served in Board Committees (Estimated)

2024 Snapshot of GVR

Staff

80

Full-Time Staff

24

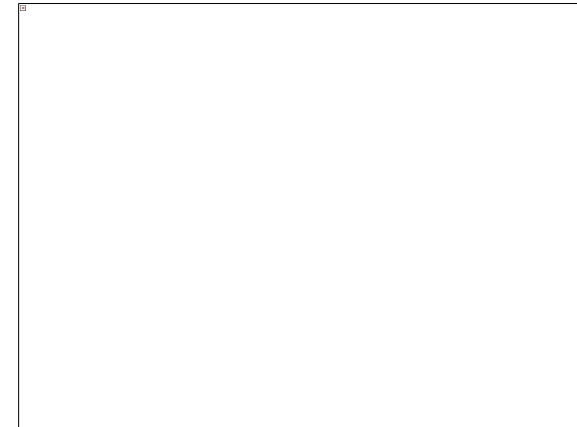
Part-Time Staff

2024 Snapshot of GVR

Facilities Maintenance

4,212

Completed
Work Orders



2024 Snapshot of GVR

Events and Entertainment

6,767

Total Audience

Increase of 35% over 2023

65

Total Events

Increase of 97% over 2023

2024 Snapshot of GVR

Events and Entertainment

116

Volunteers

Increase of 26% over 2023

New Event and Entertainment

Offerings Include:

Tours, Paint 'n Sips, Wine 'n Design, Trivia, Karaoke, Clubhouse Events, Holiday Socials

2024 Snapshot of GVR

Clubs

57

Clubs

Two disbanded: New England Club and GVR Valley Players

10,352

Club Members

699 more than 2023

2024 Snapshot of GVR

GVR's Most Popular Clubs

2024 Snapshot of GVR

Number One: Pickleball, 1,237 Members

Increase of 254 members over 2023



2024 Snapshot of GVR

Number Two: Computer, 797 Members
Decrease of 56 members since 2023



2024 Snapshot of GVR

Number Three: Photography, 651 Members
No change since 2023



2024 Snapshot of GVR

Number Four: Amigas, 638 Members

Increase of 214 members over 2023



2024 Snapshot of GVR

Number Five: Woodworkers, 571 Members
Increase of 3 members over 2023



2024 Snapshot of GVR

GVR's Most Popular Clubs

Number Six: Clay Studio, 410 Members

Number Seven: Tennis, 393 Members

Number Eight: Hiking, 362 Members

Number Nine: Meditation, 340 Members

Number Ten: Lapidary, 292 Members



2024 Snapshot of GVR

Clubs

15

Sports Clubs

2,932 members 323 more than 2023

12

Arts & Crafts Clubs

2,359 members 407 more than 2023

5

Special Interest Clubs

2,233 members 232 fewer than 2023

2024 Snapshot of GVR

Clubs

9

Social Clubs

1,540 members 218 more than 2023

13

Cards & Games Clubs

955 members 46 fewer than 2023

3

Dance Clubs

333 members 29 more than 2023

2024 Snapshot of GVR

Leisure Education

821

Courses Offered

222 more than 2023

7,836

Enrollments

798 more than 2023

183

Full Courses

12 more than 2023

2024 Snapshot of GVR

Fitness

10

Personal Trainers

Twice as many as 2023

3-4

Response Time in Days

Response time in 2023 was 30 days

11

Fitness Offerings

Nine more than 2023



2024 Accomplishments

2024 Accomplishments



Completed Del Sol
Clubhouse renovation



Secured a café vendor

2024 Accomplishments



Completed Canoa Hills
improvements



Expanded capacity of
Desert Hills Auditorium

2024 Accomplishments



Finished walking track at
Canoa Hills



Created new user-friendly
website

2024 Accomplishments



Made headway on:

Lapidary expansion

Artisans' Shop expansion

Woodshop expansion

Metal Shop expansion

2024 Accomplishments



Updated Finance and Capital
Improvement Policies



Included three-year
forecasting in Annual Budget

2024 Accomplishments



Received a successful audit
with no findings or
recommendations

2025 Accomplishment

And then this
happened...

2025 Accomplishment



2025 Goals and Projects

2025 Goals and Projects



Complete Ceramics Club Kiln
Room Improvements



Complete Artisan Shop
Improvements

2025 Goals and Projects



Complete Metal Working
Crafts Club Improvements



Begin Lapidary Club
Expansion Project

2025 Goals and Projects



Complete \$2.3M in
maintenance projects



Complete Utilities Audit



Explore revenue
diversification options

2025 Goals and Projects



Develop recommendations
to improve Board
appointed committees
and member
appointment process

