

Posting Approved by Chair Carol Crothers, August 26, 2019, 4:05 p.m.

FAC August meeting highlights:

The meeting was held Aug 22, 2019 at 1:30 in the Las Campanas Juniper Room

All members of the FAC attended with three calling in remotely.

The July Financial Reports were presented by David Webster. Through July we were 1% over budget in total revenue and 1% under 2018 YTD revenue. We have received \$189K less in New Capital Fees as we had 101 fewer homes change hands so far this year vs last year. We are up considerably in investment income, advertising and facilities rentals.

On the expense side we are right on our total budget but 6% over our spending rate from 2018. The major area of change is Facilities & Equipment where we are \$318K over 2018 (16%) and 26% over budget. We are right on our spending rate in Personnel and 9% under budget. These are the two largest spending areas.

The FAC approved the transfer of funds from our reserve accounts to reimburse the operations account for funds spent during the 2<sup>nd</sup> quarter.

The FAC unanimously passed the changes to our investment policy recommended by the Investment Committee and thanked the IC for the excellent work they have done in recommending a new approach for managing our operational reserves.

The administration presented their 2020 budget recommendations. They project a total revenue decrease of 2.7% vs 2019 budget and a slight increase over 2018 actuals. Changes include continued reductions in new capital, transfer fees and other fees. An increase was projected in investment returns as a result of our changes in investment management. They recommended keeping all fees and dues flat.

In the expense category Facilities & Equipment are forecasted to grow considerably even with the savings from our solar installation (29% over 2019 budget and 15.5% over 2018 actuals). Personnel costs will decrease vs budget based on organizational efficiencies and there will be no reduction in services. No non-reserve capital and only \$6K in club requests were in the recommended budget. Commercial insurance and operations are forecasted to increase significantly.

MR&R funding was discussed. With an onsite visit and additional work with our facilities staff, the total required funding for MR&R was increased considerably. The recommended funding level for 2020 was \$1,005,942 (about 4% increase over 2019) but this leaves the percent funded in MR&R at 68.5%. The consultant believes we are adequately funded but we must decide whether to increase the funding level back up towards our 85% target.

An analysis was done on the impact of the board approved changes to address the fairness issues with single households. The direct revenue impact is approximately \$45K. See below for more detail.

The FAC asked for administration input on a high level policy recommendation regarding source and use of funds. This is a work in process but would attempt to categorize funding and expenses by capital projects, member services (direct) and G&A (indirect) expenses. This work is being done to protect the

long term financial viability of GVR and give the board the opportunity to set policy regarding revenue and spending alternatives.

Detail on financial impact of board approved changes to address fairness issues.

350 guest cards were purchased out of 5,148 single households (many households were grandfathered in to a guest card). Grandfathered guest cards will no longer be valid and all single households with one membership card will be offered a single user guest card. They will still have the option of purchasing the standard multiuser card. If all 350 opt for the free single user card and none of the grandfathered in want a multi-user card that could be a reduction of \$22,750 in guest card revenue. 221 single households have purchased an additional card holder card at \$100/card. If a 2<sup>nd</sup> person is living in the house (caregiver, full time partner, relative, spouse not on the title, etc), they will be offered one additional card for \$0. This results in a revenue reduction of \$22,100.