



Sunset Village, Inc., 3401 Gandy Blvd., Pinellas Park, FL 33781

Finance Committee Meeting Minutes

Monday, September 25, at 10:00 am
In the BOD Conference Room and via Zoom
Join Zoom Meeting

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Meeting ID: 823 4341 0372

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Call to Order: The meeting was called to order at 10:05 AM by Maggie Stokes.

Roll Call: Committee attendees in person: Maggie Stokes, Committee Chair; Gary Thrasher; Co-chair; Jan McCoy, Secretary; Roberta Maynard, Richard Thomas LCAM; Marilyn Corazza Admin. Supvr.; via Zoom: Larry Smith, Karen Harding, Bill Hickey. **Attendees:** Jack French 709 Lake via Zoom, Royce Pauley 453 Hibiscus

Proof of Notice: The meeting notice was posted 48 hours in advance of the meeting as required by the Association rules and Florida Statutes on Fri., Sept. 22, 2023, at 6:14 PM.

Approval of Minutes: Maggie Stokes made a motion to accept the August 21, 2023, meeting minutes with the understanding they would be amended, per Larry Smith's request, to remove the sentence stating the 723 rental amount was limited to 15%. Roberta Maynard seconded the motion. The motion passed unanimously. The minutes were accepted as presented.

Agenda:

Financial Statements

Income and Expenses:

It was a relatively calm month. Our fees are under due to 723 conversions. Expenses were up slightly due to having hired an additional RPM employee and attorney fees. We've showed a gain in non-cash items. There was a small loss this past month.

Balance Sheet:

We have \$18,448,519 in assets on the balance sheet. A/R balances were discussed. One significant portion of this on-going number has just been resolved which will bring the outstanding balance down.

Discussion of the 2022 Audited Financial Statements

Maggie reviewed the content of the 2022 Financial statement received on September 15, 2023 and spoke to the various drivers of the unacceptably late receipt of the audit.

The financial statements present fairly, in all material respects, the financial position of Sunset Village, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Briefly, the balance sheet reflects \$19,855,741 in assets, \$2.3 million in cash and \$17.4 million in land and property. We have \$109,571 in liabilities with 433 shares issued at December 31, 2022.

The income statement is in two parts – the “Operating Fund” and the “Replacement Fund.” The first is the day-to-day running of the park and the latter is the accounting for the reserves. The operational portion of the statements show a small profit for 2022 and the reserve portion of the reflects the increase in funding of the account.

The accounting for the changes in members equity reflects the sale of 44 shares in 2022. The extra funding of the reserves from the operating account is reflected as is the expenditure for the road project.

The statement of cash flows shows the capital expenditure for the road project, the share sales funds received and the final payment of the mortgage.

The notes to the statements explain the methodology of accounting and detail the major areas in the statements.

The statements were received well past the time that is required by law. The reason for that is two-fold. However, I wish to state that the delay was NOT caused by problems with the books of account, nor are there any signs of impropriety in the accounts.

Presentation of the reserve accounting is one portion of the delay. Sunset Village, Inc. spent more than a million dollars in capital improvements during 2022. The bulk of these improvements was, obviously, the road project. The methodology that Resource Property Management used in the books of accounts properly recorded all of the transactions in the reserve portion of the books. The second step of capitalizing that spending was not part of the normal accounting procedure. When I questioned the accounting staff at RPM, I was told that the capitalization process was part of the audit process. For whatever reason, the auditor at Bashor and Legendre did not make that adjustment in the first set of statements.

The second presentation issue was resolved with showing the revenues in the reserve income statement as a separate line item, rather than combining it with the maintenance fee income.

The third presentation item involved the netting of funds to and from the operating account. Once those funds were shown as separate inflows and outflows, the presentation issues were resolved.

The second portion of the delay was caused by the total unresponsiveness of Bashor and Legendre. Whenever there was a request for documents, we sent them within a 48-hour period. The reverse is not true. Calls would go unanswered for weeks at a time. As issues with the statements were resolved, whether by a meeting, email or a phone call, the revised document would take weeks to process.

I cannot recommend that Sunset Village, Inc. use Bashor and Legendre in the future.

Royce Pauley commented we cannot one-time fund the reserves. This was done in January of 2022 to pay for the portion of the project that was above the cost of the original plan. Royce stated the audit does not provide all of the required information according to our statutes. This will be investigated, and Royce will receive a reply.

Selection of New Auditor

A list of potential new auditors was provided to the committee. They were asked to do some internet research. We would like to narrow down to approximately three for consideration and interview. The goal is to recommend to the board for a contract to be in place by year-end.

Authorize Edward Jones Funds Transfer and CD Rollovers

Motion: Maggie Stokes made the motion that the Finance Committee approve she recommend the Board of Directors authorize Edward Jones to rollover the two \$200,000 certificates of deposit totaling \$400,000 that are maturing on October 18th into a two new CDs of \$200,000 each with a 12-month maturity date. If a better interest rate may be gained by purchasing these CDs with a 9-month maturity date, Edward Jones is directed to do so. The motion was seconded by Larry Smith. All were in favor. Motion passed unanimously.

Motion: Maggie Stokes made the motion that the Finance Committee approve she recommend the Board of Directors authorize the transfer of \$13,333.33 from the Popular Bank operating account to the Edward Jones reserve Insured Bank Deposit account. This transaction is the funding of the reserves from the operating account as determined by the 2023 Budget. The motion was seconded by Gary Thrasher. . All were in favor. Motion passed unanimously.

Larry Smith suggested we consider one more \$200,000 transfer next month when the revenue from the five new share sales is received.

Next Monday, October 2, 2023, at 10:00 AM in the clubhouse, is a special meeting of the Finance committee to discuss our reserve study and budget. The meeting was posted providing the 14-day notice requirement. The preliminary budget will be sent out. Shareholders are invited and will be asked to submit questions/comments in advance to facilitate an orderly meeting.

Meeting Adjournment

Gary Thrasher motioned to adjourn the meeting, seconded by Larry Smith. All were in favor. The meeting adjourned. At 11:15 AM