



SUNSET VILLAGE, INC.
Finance Committee Meeting

Wednesday July 18, 2024, at 3:00 pm Maintenance Conference & Zoom
Zoom Link:

<https://us06web.zoom.us/j/84758636805?pwd=SOB27bHL8WugwfuZSZLvNZjiiQBuaW.1>

Meeting ID: 847 5863 6805 Passcode: 411973
One tap mobile: +13052241968,,84758636805#,,,,*411973# US
Dial by your location: +1 305 224 1968 US

Call to Order: The meeting was called to order at 3:05 PM by Karen Harding

Roll Call Attendees: Karen Harding, Chair via Zoom; Gary Thrasher, via Zoom, Roberta Maynard, via Zoom, Jan McCoy, via Zoom, Larry Smith, via Zoom, Bill Hickey, (absent), Drew Lawrence, (absent with cause), Mike Parkman, via Zoom, Marilyn Corazza Manager, (absent with cause), Julie Durda, Administrative Assistant

Guests: None

Proof of notice of the meeting: The meeting notice was posted July 15, 2024, at 11:22 AM

Approval of June 19, 2024, Minutes

Larry Smith motioned to accept the June 19, 2024; meeting minutes as presented. Motion was seconded by Roberta Maynard. Comment: Amendment to Minutes, Karen Harding made the motion to adjourn the meeting. Seconded by Gary Thrasher. All were in favor. Motion carried with the amendment as stated.

Monthly Financial Statements

Karen Harding provided an update to the committee on the status of Resource Property Management's (RPM) production of monthly financial statements, and they are up to date now. RPM experienced issues with the Vantaca software and they have been resolved. Year-to-date to June 30, 2024, monthly financial statements have been received.

Review June statement:

- Total Cash and short-term investments balance on June 30, 2024, was \$3,163,000. The short-term CD investments were \$2.8 million versus \$1.8 million in June 2023.

- Accounts receivable balance had almost \$10,000 increase from 2023. Karen will be investigating with RPM and Marilyn for a better understanding. RPM made an adjustment of \$900 in reference to the write off for removal of the home. The 0-30 days receivable balance is \$8,200. 30-60 days \$5,500. 60+ days is \$2,700. Some are rental fees, fee adjustments, late fees due to the ACH issues. All of these will be reviewed.
- We are using accounts payable in Vantaca now. This system is new this year. There is a 2-step process. The invoices are recorded as an expense on the income statement and then recorded as an amount we owe in accounts payable on the balance sheet. Then payments are made by debiting accounts payable and crediting the bank (thereby reducing the cash balance).
- We have received the money for 10 share sales to the end of June 2024 which is reflected in the \$17,873,000 in shares recorded versus the \$16,700,000 in 2023. Net loss year-to-date was \$106,800 versus \$102,000 in 2023. This is from the operating, non-cash, and reserve activities.
- The income statement reflects a decrease in rental income due to the number of 723 conversions so far this year. There were 3 this year. Other operating income was \$1,800 less than budgeted as the money was collected in May instead of June. Repairs and maintenance expenses were \$1,300 over budget due to the increase in the lawn maintenance contract. Some of this was offset by savings in cleaning supplies as we did not outsource this item as the budget intended. Other administrative expenses were \$11,293 versus the budget of \$16,199, leaving a favorable variance to the budget of approximately \$7,600. Karen requested RPM to make an adjustment in May for the amount owing to the auditor which is reflected in June. Legal fees are higher than anticipated for the month and YTD. Legal fees will be reviewed closely for the 2025 budget. Utility costs (water and electric) is under budget for the month.
- For the month operating income \$11,790. YTD operating loss was \$32,568. Then when we consider the reserve activity, we are at \$1,200 loss for the month and an almost \$107,000 loss YTD. The loss is due in part to the unanticipated increase in the lawn contract and adding a new employee.
- Reviewed the banks that CDs are invested in and maturity dates.

Karen indicated that she would like to maintain a monthly meeting schedule that would fall on the Wednesday of the week before the Board of Directors meeting in the prior meeting, but it is subject to change.

Share Sales Reconciliation

Karen had distributed the share sales reconciliation to June 30, 2024, prior to the meeting. One share sale was completed in the month of June, and one was to be completed on July 7th. Year to date (to June 30) ten new shares were sold, seven new shares for vacant lots and 3 were conversions from rental units to shareholders. An increase of \$490,000 to shares sold on the balance sheet.

Edward Jones CD Investments

Edward Jones CD investments total \$2,800,000. Karen highlighted that two cash deposits are maturing in July, one on the 18th and the other on the 25th. The July 18th CD renewal target maturity date for December 2024 was not available. The maturity date is January 2025 with a rate of 5.150%. July 25th CD renewal date and rate will be determined at the time of renewal.

There is \$280,000 in the Bank of OZK and \$86,000 in Edward Jones. The committee discussed investing some of the money in CDs and maintaining some in the Edward Jones operating account for expenses.

Motion: Larry Smith made a motion to recommend to the BOD to transfer \$275,000 from the Bank of OZK to the Popular Bank to the Edward Jones operating account and purchase one \$200,000 CD and leave \$75,000 in the Edward Jones operating account.

Seconded by: Jan McCoy. The motion passed with a unanimous vote.

Finance Committee Charter

The committee reviewed the charter draft that had been circulated prior to the meeting. After a discussion, the committee added wording to the Mission Statement, Membership, Authority, and Duties and Responsibilities sections. The authority of the treasurer was further stated as “with prior board approval, oversee and invest association assets as directed.” The charter will be presented to the BOD for approval at a future meeting and then posted on the web site.

Larry Smith made a motion to accept the charter as presented.

Seconded by: Jan McCoy. The motion passed with a unanimous vote.

Budget

A lengthy discussion about the rental rates was done. This included the area market rental rates like our community and the trending rental rates over several years. RPM provided the Data Comp JLT Market Report for Pinellas County dated May 2024. Past rental increases were reviewed. Potential percentage and flat rate increases were reviewed and discussed. The market study indicates that Sunset Palms is well below the average rental rates in our area. The committee agreed to increase the rental rates, establish the budget, review the data, and then discuss the shareholders increase. The rental increase represents a \$59 monthly rate increase and coincides with the area market.

Motion: Larry Smith made a motion to recommend to the BOD to increase the rental lots to \$587 for the R-G lots, \$590 for the R-S lots, \$595 for the R-G2 lots, and \$598 for the RP lots effective January 1, 2025.

Seconded by: Karen Harding. The motion passed with a unanimous vote.

A separate budgeting meeting will be scheduled by Karen Harding.

Adjournment

Motion to adjourn was made by Roberta Maynard, seconded by Larry Smith. Motion passed unanimously. The meeting adjourned at 4:22 PM.

Respectfully Submitted:

Roberta Maynard