



SUN VALLEY ELKHORN ASSOCIATION

Financial Policy **September 25, 2024**

PURPOSE

To set expectations and provide guidance for SVEA staff regarding financial matters to ensure the long-term financial stability of our Association.

1. **Annual Member Dues Assessments & Fees-** Operating and Capital dues, as well as the Rental Amenity fee and other member fees are expected to increase annually by the rate of inflation as measured by the CPI to provide consistent funding of operations and capital needs while avoiding large one time increases that may not keep pace with inflation. This policy envisions the potential to require additional increases (above the CPI) to cover new expenses that may not have existed in prior years or may have realized a step-function increase in cost. Conversely, if any costs are forecast to decline or a cash surplus exists, staff may choose to implement a smaller increase, or no increase at all.
2. **Capital Reserve Analysis-** Staff will review the capital reserve analysis annually during budget development to determine if reserves are growing as expected and update the assumptions as needed to reflect actual conditions, both physical and economic. Capital Reserves are to achieve a minimum reserve target level of 50% of full funding with a mandatory trajectory that achieves and maintains a 70% funding level.
3. **Rental Amenity Fee Revenue Allocation-** Revenues will be allocated between operations and capital in the same proportions as the actual costs directly related to amenities as confirmed through the budgeting process.
4. **Investment Strategy-** The cash required for anticipated near term expenses plus \$200,000 will be placed in a money market account. The remaining funds will be invested into Treasuries for terms of 4, 8, 13, 17, 26 and 52 weeks based on the options available at the times of purchase. These Treasuries will be allowed to auto-renew unless the funds are needed. Longer-term maturities may be considered for capital reserves. Forecast cash requirements will be revisited throughout the year and additional or lesser cash may be invested in Treasuries as appropriate.

This strategy supports good stewardship of SVEA's funds by embracing the following priorities (in order): (1) Safety of the funds, (2) Liquidity of funds and (3) Yield received on the funds.

Policy voted in and passed on: 9 25 24