

ELKHORN
IN SUN VALLEY

SVEA Annual Meeting

January 11, 2025

Agenda

Call to Order - 3:30 PM

Establish a Quorum

Approval of 2023 Annual Meeting Minutes

Voting for Directors - *Counsel - Jim Laski*

Financial Report - SVEA Finance Committee

Board Report - 2024 Year in Review

Election Results - *Counsel - Jim Laski*

Other Business

Adjournment

2024 Board of Directors

Clark Furlow,
President

Jeff Mihalic,
*Vice
President*

Bob Diercks,
Secretary

Tom Eklund,
Treasurer

Pete
Petersen,
Director

Tom Kling,
Director

Marlene
Fletcher,
Director

Scott Pertel,
Director

Rachel Clark,
Director



SVEA Staff

Linda Horensavitz General Manager	Hire and retain staff to meet all service and operational requirements. Satisfy contractual and legal requirements. Facilitate Board of Directors and committees meetings Project development and management
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Sue Kwapich Accounting	Monthly and yearly financial and tax reports, A/R, A/P, Payroll
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Mark Lube Operations	Care and maintenance of SVEA amenities and structures Vendor relations and management Recreational program assistance Oversee seasonal staffing: hiring, housing, and staff oversight for the pools and tennis.
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Sue Ahern ADC, Restriction Compliance Office Manager, Programs Coordinator	Facilitate the Architectural Design Committee. Protects the value of Elkhorn properties by assisting owners in observation of the general restrictions. Office staffing, general office procedures, and database management Develop and organize summer programs and annual BBQ
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Korionna Brune Office Administrator	Administrative tasks Assist and back up the office manager. Assist with Committee coordination Manage the Rental Amenity Program.
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ELKHORN
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Voting for Directors

Jim Laski - Inspector of Elections
CANDIDATES FOR 2025

Oleg Elkhunovich

Marlene Fletcher

Jeffery Kingston

John Sobba

*If you haven't voted, please see the staff at the sign in table now,
don't miss your opportunity to make your vote count.*



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Financial Review

Jeff Mihalic & Marlene Fletcher

SVEA Finance Committee Co-Chairs

Financial Summary 2023/24
Budget Review 2024/2025



Balance Sheet

2023/24 vs 2022/23 fiscal year end

	2023/24 YE	2022/23 YE	Difference	Comments
Current Assets	\$ 1,333,206	\$ 1,984,481	\$ (651,275)	Harker Pool Construction Expenses
Fixed Assets	\$ 6,283,371	\$ 5,542,429	\$ 740,942	Harker Pool Completion
Total Assets	\$ 7,616,577	\$ 7,526,910	\$ 89,667	Assets increased
Current Liabilities	\$ 254,697	\$ 91,911	\$ 162,786	Accounts payable increase (Harker Pool)
Long Term Liabilities	\$ 992,802	\$ 1,140,872	\$ (148,070)	Village Pool loan principal reduction
Total Liabilities	\$ 1,247,499	\$ 1,232,783	\$ 14,716	Liabilities increased
HomeOwner's Equity	\$ 6,369,078	\$ 6,294,127	\$ 74,951	Growth due to positive net income

Harker Pool Construction Costs

Costs thru 10/31/2024	\$ 2,128,787	Paid before 2024 YE
Outstanding Invoices	\$ 95,345	Paid after 2024 YE
Insurance Proceeds	\$ (175,000)	Old pool equipment damage
Net Cost	\$ 2,049,132	Net of Insurance proceeds
Budget Estimate	\$ 2,000,000	
Actual vs Estimate	\$ 49,132	2.5%



Cash Flow

Fiscal 2023/24 vs Fiscal 2022/2023

Fiscal 2023/2024 Year End		Fiscal 2022/2023 Year End		
Operating Fund	Capital Reserve	Total Cash	Total Cash	Difference
\$ 307,379	\$ 904,135	\$ 1,211,514	\$ 1,855,185	\$ (643,671)
Reconciliation				
				\$ 283,433
				\$ (148,070)
				\$ (779,034)
				\$ (643,671)

- ▶ Operations generated positive cash flow for the fiscal year
- ▶ Cash was consumed for principal payments on Village Pool loan and completion of the Harker Pool
- ▶ Total cash at 2023/2024 year-end was \$1,211,514



Income Statement

Fiscal 2023/2024 Actual vs Budget

	Actual	Budget	Comments
Operating Revenues	\$ 1,287,900	\$ 1,204,292	Dues, Fees & Tennis programs
Other (Capital) Revenues	\$ 409,374	\$ 392,336	Capital Dues & Rental Amenity Fees
Total Revenues	\$ 1,697,274	\$ 1,596,628	
Operating Expenses	\$ 1,485,677	\$ 1,452,351	SVEA operating expense on budget
Other (Capital) Expenses	\$ 43,716	\$ 174,199	Interest Paid-VP loan
Total Expenses	\$ 1,529,393	\$ 1,626,550	Operations Expense & Interest paid
Net Income	\$ 167,881	\$ (29,922)	
Loss on Asset Disposal	\$ (92,930)	\$ -	Write down- HP undepreciated amount
Net Income after write down	\$ 74,951	\$ (29,922)	

- Revenues higher than budget due to tennis programs and other income
- Expenses lower than budget mainly due to deferral of capital items included in budget. Those items moved to future year capital expense
- Asset disposal write-down was not budgeted
- Net Income is positive even after un-budgeted write-down

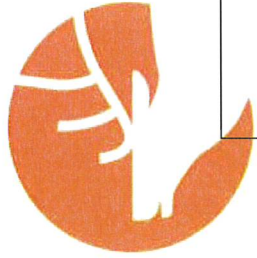


Year to Year Comparison

2023/2024 Actual vs 2024/2025 Budget

	2023/2024	2024/2025	
	Actual	Budget	Difference
Operating Revenues	\$ 1,287,900	\$ 1,441,236	
Other (Capital) Revenues	\$ 409,374	\$ 371,476	
Total Revenues	\$ 1,697,274	\$ 1,812,712	\$ 115,438
Operating Expenses	\$ 1,485,677	\$ 1,635,696	\$ 150,019
Other (Capital) Expenses	\$ 43,716	\$ 230,696	\$ 186,980
Total Expense	\$ 1,529,393	\$ 1,866,392	\$ 336,999
Loss on Asset Disposal	\$ (92,930)	\$ -	
Net income Total	\$ 74,951	\$ (53,680)	
Operations	\$ (290,707)	\$ (194,460)	
Other (Capital)	\$ 365,658	\$ 140,780	

- ▶ Revenues increase because of dues increase offset by lower Rental Amenity Fee revenues and Interest earned
- ▶ Operating Expenses increase due to Harker Pool full year operations, management transition, staff health insurance and association insurance
- ▶ Capital Expenses increase due to previous year's deferral of capital items
- ▶ Capital Net Income should flow to Capital Reserve



Annual Assessment

Homeowner Dues- Operating & Capital				
Fiscal Year	Operating	Capital	Ttl Annual	CPI
2015/2016	\$ 530	\$ 144	\$ 674	237.0
2016/2017	\$ 517	\$ 157	\$ 674	240.0
2017/2018	\$ 517	\$ 157	\$ 674	245.1
2018/2019	\$ 517	\$ 157	\$ 674	251.1
2019/2020	\$ 517	\$ 157	\$ 674	255.7
2020/2021	\$ 517	\$ 157	\$ 674	258.8
2021/2022	\$ 517	\$ 157	\$ 674	271.0
2022/2023	\$ 577	\$ 157	\$ 734	292.7
2023/2024	\$ 626	\$ 108	\$ 734	304.7
2024/2025	\$ 688	\$ 188	\$ 876	314.0
2024/25 vs 2023/24	10%	74%	19%	
2024/25 vs 2015/16	30%	31%	30%	32%

- Total dues increase over 10 years is equal to CPI increase
- Capital dues increase is needed to build Capital Reserve Fund
- Operating dues increase is needed to fund operations budget
- Dues increase this year vs last year = \$11.83/month
- Plan for dues to increase each year with CPI (roughly 2.3%)



Capital Reserves

Capital Reserves Forecast						
Fiscal Year	Revenues	Expenditures	Ending Balance	% Funded	Shortfall vs 70%	
2023/24 (year 0)		\$ 1,178,279				
2024/25 (year 1)	\$ 363,706	\$ (385,082)	\$ 1,156,902	64%	\$ 108,460	
2025/26 (year 2)	\$ 370,411	\$ (395,754)	\$ 1,131,560	58%	\$ 234,116	
2026/27 (year 3)	\$ 377,202	\$ (499,234)	\$ 1,009,528	48%	\$ 462,700	
2027/28 (year 4)	\$ 382,227	\$ (245,795)	\$ 1,145,960	51%	\$ 426,926	
2028/29 (year 5)	\$ 392,591	\$ (353,030)	\$ 1,185,521	46%	\$ 618,533	
2029/30 (year 6)	\$ 401,195	\$ (266,039)	\$ 1,320,677	47%	\$ 646,289	
2030/31 (year 7)	\$ 411,891	\$ (7,000)	\$ 1,725,568	55%	\$ 470,609	
2031/32 (year 8)	\$ 428,164	\$ (30,701)	\$ 2,123,031	60%	\$ 353,839	
2032/33 (year 9)	\$ 444,478	\$ (393,223)	\$ 2,174,286	54%	\$ 644,233	
2033/34 (year 10)	\$ 454,059	\$ (401,176)	\$ 2,227,168	52%	\$ 770,943	
2038/39 (year 15)	\$ 514,996	\$ (781,879)	\$ 2,662,966	53%	\$ 854,159	
2043/44 (year 20)	\$ 591,157	\$ (252,957)	\$ 4,508,873	69%	\$ 65,346	

- Revenues are dues + rental fees + interest earned on reserves. Dues rise with CPI annually
- Expenditures are based on the expected useful life and replacement cost, increasing annually
- 70% of full funding is the recommended target to avoid special assessments or loans.
- Reserves remain relatively flat until the Village Pool loan is paid off in year 6 (\$186K/year)
- It will take 20 years to reach the target level of 70% funding



Rental Amenity Fee

- ▶ Committee established in 2024 in response to homeowner/landlord concerns that the existing fee structure was not fair (\$600/year fee for each rented unit)
- ▶ Amenity usage data was collected by category of user, then direct costs related to amenities was allocated in proportion to usage to the set fees
- ▶ **The new structure was approved at the September board meeting as follows:**
 - ▶ \$100 annual administrative fee for all rental units (no other fees if not rented)
 - ▶ \$900 annual fee for year-round tenant access to amenities
 - ▶ Seasonal access rates made available (winter \$150/summer \$850)
 - ▶ Occasional rental rates made available (\$210/week summer, \$40/week winter)
 - ▶ Long Term rentals (12-month lease) pay only the \$100 administrative fee
- ▶ **The new fee structure takes effect May 1, 2025**
 - ▶ Owners to receive notification in advance and asked to select an option and submit payment
 - ▶ Owners will receive a credit based on prorate of previously paid amenity fees.
- ▶ **The guest fee increased from \$5.00 to \$10.00 to align with other clubs in the valley**
- ▶ Total revenues to SVEA expected to decline as a result of these changes
 - ▶ Homeowners/landlords may choose not to opt in for amenity access for their tenants¹³



Financial Policies

Four Policies were recommended and approved by the board at the September board meeting:

- ▶ **Annual Assessments (Dues) & Fees**
 - ▶ Dues and Fees expected to increase annually at the rate of inflation (CPI)
 - ▶ Required to fund annual operations costs and grow capital reserves
 - ▶ Staff & Board will review annually to validate actual increase
- ▶ **Capital Reserve Analysis**
 - ▶ Sets a minimum target of 50% of full funding and a mandatory trajectory to achieve a 70% funding level
 - ▶ Reserve Analysis to be reviewed annually to confirm tracking to forecast
- ▶ **Rental Amenity Fee Revenue Allocation**
 - ▶ Revenues to be allocated to operations and capital in the same proportions as the actual costs directly related to amenities
- ▶ **Investment Strategy**
 - ▶ Near term cash to be placed in a money market account. All other cash to be invested in Treasuries and CDs with up to one-year maturities. Capital reserves may be invested in longer term maturities.
 - ▶ Investment priorities are: (1) Safety of funds, (2) liquidity and (3) yields



Financial Priorities

- ▶ **2023/2024 Fiscal Year**
 - ▶ Complete Harker Pool on budget and on schedule
 - ▶ Update Capital Reserve Study & set plan to build reserves
 - ▶ Refine Village Pool payoff timeline
 - ▶ Review Rental Amenity Fee structure
 - ▶ Modify Financial Policies to ensure long term stability

- ▶ **2024/2025 Fiscal Year**
 - ▶ Implement new Rental Amenity Fee structure
 - ▶ Update SVEA computer systems and website to benefit Owners & Staff
 - ▶ Support Master Amenity Plan update by providing financial projections



Finance Committee

SVEA Finance Committee composition			
2024		2025	
Jeff Mihalic	Co-Chair	Jeff Mihalic	Co-Chair
Marlene Fletcher	Co-Chair	Dave Galloway	Co-Chair
Tom Eklund	Treasurer	Tom Eklund	Treasurer
Dave Galloway	Community	Karen Curry	Community
Karen Curry	Community	Open	Community
Nancy Auseklis	Community	Open	Community

- THANK YOU to last year's committee members
- We need two new committee members for this year
- Please contact Linda or Jeff if you are interested
- Five meetings annually (Quarterly + Annual budget review)
- Meeting minutes posted on SVEA website/resources/financial reports



2024 in Review

Transition Clark and Linda

- Staff Changes
- Introductions
- Technology updates

Rental Amenity Fee Jeff Mihalic & Linda

- New Fee Structure
- Start Date

Legal Update Clark

- Annexation of Community School Arrowleaf Parcel and Sagewillow Subdivision
- Village Parking

ADC Clark & Sue

- Project Summary
- Compliance

Racquet Sports Report Rachel Clark

- Racquet Sports Committee Meeting
- HOA Member Concerns & Committee Recommendations
- New for 2025 Season



ANNOUNCEMENT OF VOTING RESULTS



Other Business Questions or Comments?



**Thank You
for
Attending!**