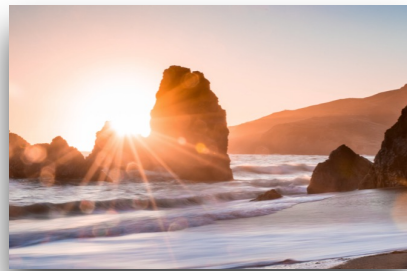


SMPOA Annual Meeting Agenda

Section 3: Financial Report

1. Introduction & Overview	15 Minutes	<ul style="list-style-type: none">• Structure of meeting• Overview of themes and issues facing community• Safety review	<ul style="list-style-type: none">• Seth Fonti	<ul style="list-style-type: none">• Participant lines closed
2. Emergency Preparedness & Safety	20 Minutes	<ul style="list-style-type: none">• Emergency Preparedness Report• Two Way Radio Initiative• Community Safety	<ul style="list-style-type: none">• Rick Silver• Grant Graves• Deputy Rick Baldi	<ul style="list-style-type: none">• Participant lines closed
3. Financial Report	5 Minutes	<ul style="list-style-type: none">• Review of emerging financial constraints• 2022 Budget	<ul style="list-style-type: none">• Treasurer: Rachael Klein• Seth Fonti	<ul style="list-style-type: none">• Participant lines closed
4. Architecture Committee	5 Minutes	<ul style="list-style-type: none">• Emerging Themes• Brief Tutorial on procedures for OVI	<ul style="list-style-type: none">• Mark Stoeckinger	<ul style="list-style-type: none">• Participant lines closed
5. Upcoming Election	40 Minutes	<ul style="list-style-type: none">• Approach to 2022 Election• Election Supervisor• 2-minute MAX candidate statements	<ul style="list-style-type: none">• Moderator: Seth Fonti• Current Board Members• Self Nominated Nominees	<ul style="list-style-type: none">• Targeted participant lines open
6. Residents Q&A	35 Minutes	<ul style="list-style-type: none">• Open forum for member Q&A• Questions not answered will be followed up in writing and posted to MESA-GE	<ul style="list-style-type: none">• Moderator: Seth Fonti• Board Members• Association Members	<ul style="list-style-type: none">• Participant lines open



Sunset Mesa: Funding Sources & Uses

Strength

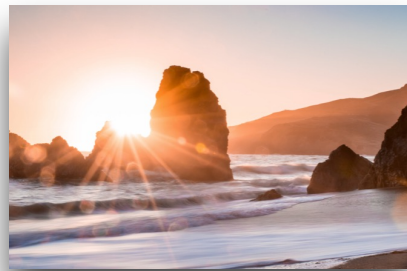
Sources

- ✓ **Annual Dues**
Current year and past years
- ✓ **Escrow Document Fees**
Upon sale closure, delivery of HOA documents
- ✓ **Newsletter Advertising Revenue**
Mesa-Ge Advertisers
- ✗ **Reserve Investment Portfolio***
Emergency use of principal to resolve budget gaps

Uses

- Neighborhood Committee Expenses**
Safety & Preparedness, Architecture, Legal
- General & Administrative (non-professional)**
Software, Invoices, Storage, Licenses, Fees, Taxes
- General & Administrative (professional)**
Insurance, Legal, Tax Preparation, Consulting
- SMPOA Expenses**
Annual Meeting, Election, Dog Bags, Newsletter

All current year data as of FYTD June 8, 2022 unless otherwise noted.
*Reserve Investment Portfolio managed by Stifel Financial Corp., independent fund manager – referenced in newsletter as “Stifel Investment Portfolio”

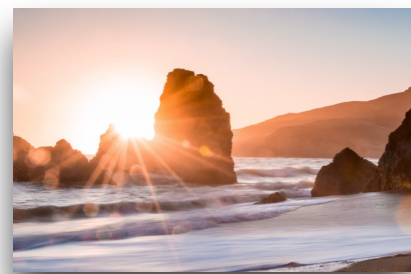


Sunset Mesa: Annual Operating Budget

Strength

KEY	2022 Calendar Year Budget (\$)		Underlying Assumptions and/or Clarification
Income			
A	Document Fees Collected	5,760	20% Reduction in turnover given interest rate movement
B	Current Year Dues Collection	33,600	Number reflects 70% of 2022 Dues Receivable. YTD collection is 67%. Historical data indicates 30-60%
C	Past Years Dues Collection	6,500	
D	Newsletter Advertising Income	2,100	Significant decline in advertising income
E = A+B+C+D	Total Income	47,960	
Expenses			
Committee Expenses			
F	Emergency Preparedness Committee	1,000	Radios, license fees
G	Architecture Committee	250	
H = F+G	Total Committee Expenses	1,250	
General & Administrative Expenses			
I	Total Administrative	4,280	Document Storage, , ACH fee of 1%, eliminated \$650/monthly newsletter admin support under FY19-20
J	Total Professional Services	47,941	Expecting legal expenses to decline slightly offset by significantly higher insurance premium
K = I+J	Total General & Administrative Expenses	52,221	
SMPOA Expenses			
L	Annual Meeting	500	
M	Newsletter, Election, Dog Bags	3,790	
N = L+M	Total SMPOA Expenses	4,290	
O = H+K+N	Total Expenses	57,761	
P = E(-)O	Net Operating Income	-9,801	
Q	Change in Securities Value	-12,560	Investment portfolio managed by Stifel Financial Corp.
R	Interest Income	12,977	Assumes principal remains intact at 3.8%
S = Q+R	Total Other Income	417	
T = P+S	Net Income	-9,384	

All current year data as of FYTD June 8, 2022 unless otherwise noted.



Cause and Effect Impact Requires Mitigation

Strength

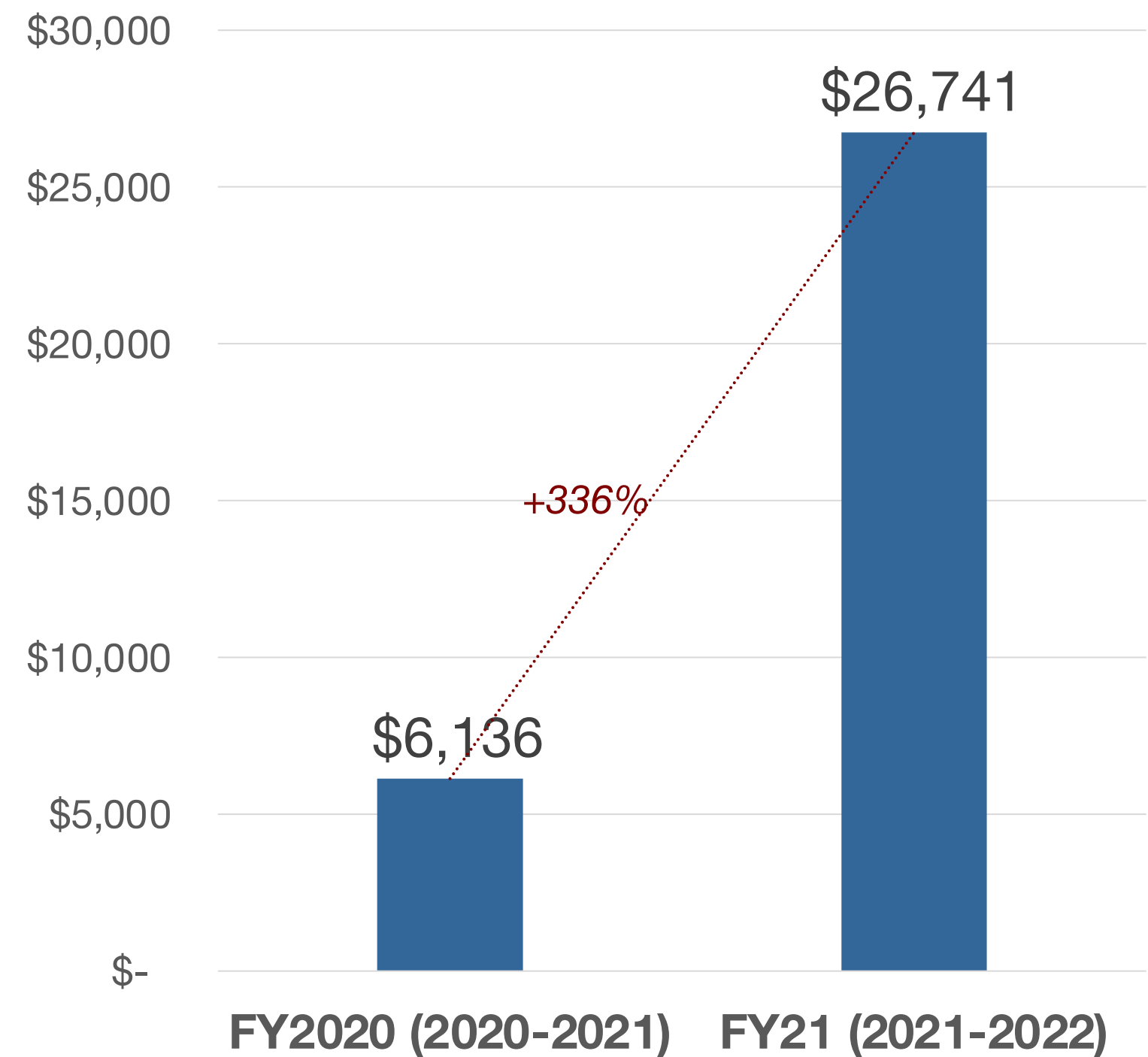
- **Industry:** Significant insured losses from 2018 & 2019 natural disasters
- **SMPOA:** elevated claims activity

- *Lawsuits, subpoena requests and broad and exhaustive document requests from association members*

Mitigation Strategy

- Short Term Actions**
- Increase dues collection
 - Stifel account drawdown
 - Launch formal process and working group to collect past due balances
 - Reduce general and administrative expense where we can
 - Expect legal expenses to decline in 2022
- Long Term Actions**
- Use technology to shift costs**
- Storage Fees -> Cloud
 - MESA-GE -> Electronic / Website
 - Reinvest savings in Safety (emergency preparedness, security)

Insurance Costs



Legal Expenses

