



## February 27, 2025 Finance Committee Meeting Notes

### Attendees:

Jeff Mihalic- Co-Chair

Dave Galloway- Co-Chair

Tom Ecklund- Treasurer, non-voting board member

Tana Aardal- Committee Member

Chuck Jones- Committee Member

Karen Curry – Member not in attendance

Linda Horensavitz- SVEA General Manager (Staff, not a Committee member)

Sue Kwapich- SVEA Finance Director (Staff, not a Committee member)

The Meeting began at 2:00 PM and concluded at 4:30 PM. Discussions summarized below:

1. **2023/2024 Tax Return**- Staff is working with our Auditor/Tax Preparer to revise our non-exempt expenses based on a more comprehensive analysis. Our Tax Preparer has filed for an extension. We have paid the estimated taxes due, so no penalty will be assessed.
2. **2022-2023 Amended Tax Return**- Staff is working with our Auditor/Tax Preparer to correct the interest earned section and refile our Idaho tax return. We expect a refund of roughly \$1,600. Interest was overstated because it incorrectly included interest earned on Treasury investments.
3. **Auditor Engagement Letter**- The Auditor engagement letter has been revised to reflect our ability to cancel the engagement with 60 day's notice prior to the start of field work (which usually starts in mid-November. Staff presented their recommendation to execute the engagement letter, which the Committee approved by general acclamation. The board will be notified at the March board meeting.
4. **Q1 2024/2025 Financial Statements**- Staff presented the Q1 Financial Statements, focusing on the comparison of budget versus actual for Q1. Variances from budget were discussed. Overall net income for Q1 was \$441,235 which is \$39,129 better than budget. This better



than budget performance was due to above plan operating income and below-plan operating expenses for management due to the earlier departure of the prior GM.

- a. **Accounts Receivable-** Our AR totaled \$83,038 at the end of Q1. Roughly \$53,000 is the non-payment of semi-annual dues by 123 homeowners. Another \$12,000 is due to the non-payment of the final installment of the special assessment (\$250) by 20 homeowners. These receivables are 60 to 90 days old. Staff recently began direct collection efforts resulting in \$17,000 of collections since the end of Q1. We expect more progress as Staff continues to follow up. Escalation of our dues policy may be needed to deal with the 11 homeowners who have more than \$1,000 delinquent by more than 90 days. The Committee encouraged Staff to continue shifting collections work to Kori Brune to free up Sue Kwapick for her accounting duties.
  - b. **Budget Challenges-** Staff advised that we expect several line items to present budget challenges this year, including: (1) shortfall in interest earned due to the Treasury Department withholding SVEA's funds, (2) potential cost overruns for our computer system (Ally) and website enhancements, and (3) unbudgeted actions to mitigate wildfire danger on SVEA property. The committee reminded Staff of the need to seek board approval before the systems budget is exceeded.
5. **Capital Spending-** Staff notified the Committee of a request from the Recreation Committee for \$89,000 to fund ancillary items related to the Harker Pool. The committee agreed to advise the board that we should fund only the amount budgeted for the current year for similar items (totaling \$57,501), leaving enough funds available for those budgeted items that need replacement in the current year. The committee further advised Staff to proceed with caution and delay spending until the end of Q2 when we expect to have better visibility of our performance versus budget. The Committee suggested that Staff take steps to ensure that the items to be purchased are verified to be of acceptable commercial quality prior to orders being placed. Additionally, it was suggested that Staff consider using Operating funds for the landscaping work, starting with the smaller area inside the fence line.



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6. **Capital Policy Update-** Staff suggested to the Committee that the Capital policy be modified to raise the threshold from \$500 to \$1,000, and to clearly state that any capital spending not budgeted must be approved by the board. The Committee approved of these changes by general acclamation.
7. **RAF Sales Tax-** Sue Kwapick asked the board to verify that the new Rental Amenity Fees are not subject to Sales Tax. Jeff agreed to research the issue and confirm.