

San Ignacio Vistas, Inc.
Homeowners Association Minutes
Board Meeting – February 6, 2017
Approved: February 23, 2017

The meeting was held at Canoa Hills Center in the Mesquite Room. A quorum of the board was present: Marianne Bishop, Jim Callahan, Paula Leeson, Shelli Knopik and Ann Striker. Also present: Judy Barkley, Audit Committee, Joyce Bulau and Roger Mikusek, Homeowner on Hidden Crest Ct. The meeting was called to order at 9 AM using a corrected agenda as distributed.

1. COMMITTEE REPORTS

A. Audit - Judy Barkley commended the Board on the condition of it's financial records and the ability to trace everything she needed thru the minutes on our website. The Audit Report for 2016 was delivered. (Attachment A).

B. Road Subcommittee - Pat Imgrund was unable to attend the meeting and submitted his committee report and recommendation. (Attachment B)

A MOTION was MADE by Jim Callahan SECONDED by Paula Leeson and UNANIMOUSLY PASSED to engage Association Reserves to update our current RRP with no site visit at the economy rate of \$640.

C. Landscape Subcommittee – Joyce Bulau agreed to chair this subcommittee during 2017. Since she has been actively working with Felix Landscaping she has also agreed to present for the subcommittee at the upcoming Annual Meeting.

2. OFFICERS' REPORTS

A. Treasurer

A MOTION was MADE by Ann Striker SECONDED and UNANIMOUSLY PASSED accepting the Treasurer's Report (Attachment C) subject to Audit

All dues were collected by January 15 except one that was received by January 20 because of the holiday and weekend falling around the 15th.

B. Secretary

The minutes of the January 9, 2017 meeting were emailed to the board members after the meeting and were unanimously approved as distributed.

The Pizza party was attended by 88.

The balance of the meeting was devoted to reviewing the Power Point and discussing the agenda for the February 23 Annual Meeting of Homeowners.

3. CONTINUING BUSINESS - None

4. NEW BUSINESS - None

5. ADJOURNMENT

The meeting was adjourned at 10:50 AM. The next meeting will follow the Annual Homeowner's Meeting on February 23, 2017 electing officers and appointing the committee members for 2017.

Respectfully submitted,
/s/ Marianne Bishop, Secretary

ATTACHMENT A

Audit Committee Report

To the Board of Directors
San Ignacio Vistas, Inc.

We have performed an internal audit of the accompanying Statements of Assets, Liabilities and Fund Balances (modified cash basis) and Revenue, Expenses and Changes in Fund Balances (modified cash basis) of San Ignacio Vistas, Inc. as of and for the years ended December 31, 2016 and 2015. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on the financial statements based on our internal audit.

We conducted our internal audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our internal audit procedures included examining, on a test basis, evidence supporting the amounts in the financial statements as well as evaluating the overall financial statement presentation. We believe that our internal audit procedures provide a reasonable basis for our opinion.

The financial statements are consistently prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, as the internal audit committee, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, fund balances, revenue, expenses and changes in fund balances of San Ignacio Vistas, Inc. as of and for the years ended December 31, 2016 and 2015, on the modified cash basis of accounting.

The San Ignacio Vistas, Inc.
Internal Audit Committee

January 23, 2017

San Ignacio Vistas, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

1. CASH

Cash of \$129,399 consists of \$105,010 (\$99,287 at December 31, 2015) in the Operating account and \$24,389 (\$51,547 at December 31, 2015) in the Reserve account.

2. INVESTMENTS

Reserve Fund Investments for 2016 consist of:

	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Matures</u>	<u>APY</u>
Commerce CD	\$101,705	\$101,705	6/17	.95%
Goldman Sachs CD	100,000	100,000	4/17	.85%
Washington Federal	62,222	62,222	2/20	1.95%
Vanguard Wellesley Income Fund 2,076.016 shares	128,090	123,254		3.18%
Vanguard Wellington Fund 861.91 shares	<u>58,087</u>	<u>52,548</u>		2.68%
	<u>\$450,104</u>	<u>\$439,729</u>		
Unrealized gain	<u>\$ 10,375</u>			

Reserve Fund Investments for 2015 consisted of:

	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Matures</u>	<u>APY</u>
Commerce CD	\$100,718	\$100,718	3/16	.95%
Goldman Sachs CD	100,427	100,427	4/17	.85%
Washington Federal	61,031	61,031	2/20	1.95%
Vanguard Wellesley Income Fund 1,993.778 shares	<u>118,430</u>	<u>118,176</u>		3.18%
	<u>\$380,606</u>	<u>\$380,352</u>		
Unrealized gain	<u>\$ 254</u>			

Investments are carried at cost, including reinvested dividends or credited interest.

The Board has adopted an investment policy allowing up to 40% of the "Reserve Net Assets", i.e. Fund Balance, to be invested in mutual funds or other like investments. At December 31, 2016 the shares in the Vanguard Funds with a carrying value of \$175,802 are within that policy limit.

San Ignacio Vistas, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

3. ORGANIZATION

San Ignacio Vistas, Inc. (The Association or SIV) is incorporated as a non-profit corporation under Arizona Law. The duration of its existence is perpetual. The purpose of SIV is to preserve the property values and natural beauty of the area by providing architectural control of the 228 lots comprising The Association and maintaining the Common Areas (streets, sidewalks, drainage-ways and natural vegetation).

SIV is governed by the Declaration of Establishment of Covenants, Conditions and Restrictions (CC&Rs) and may be amended by the Members from time to time.

As a Homeowners Association, SIV is considered a Common Interest Realty Association for accounting and financial reporting purposes.

4. BASIS OF ACCOUNTING

The financial statements are prepared on a modified cash basis of accounting. Under this method, transactions are generally reported at the time cash is received or disbursed. The primary exception relates to member annual assessments, a substantial portion of which are collected by December 31 for the following fiscal year. In the year-end financial statements such amounts are classified as "Assessments Received in Advance" and recognized as revenue in the fiscal year for which they are budgeted.

San Ignacio Vistas, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

5. FUND ACCOUNTING

The Association utilizes an Operating Fund and Reserve Fund to account for its' financial transactions. The Reserve Fund is designated for future major repairs, maintenance and replacements of Common Areas pursuant to the CC&Rs. Substantially all other resources and expenditures are recorded in the Operating Fund.

Cash and Investments are accumulated in the Reserve Fund and are not available for normal operations.

During 2012 the Board engaged independent specialist consultants to perform a Reserve Study "with site visit" as well as an Erosion and Sediment Control Study. The findings of these studies were incorporated in the Association's Reserve Replacement Plan (RRP). Annually, the Board updates it's RRP which projects the estimated remaining useful lives and the estimated timing and replacement costs of the components of the Common Areas. The Board levies an Annual Assessment to fund the anticipated future expenditures within the Reserve Fund.

Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the Reserve Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the authority under the CC&Rs, subject to membership approval, to levy special assessments, or delay major repairs and replacements until sufficient funds are available.

6. FIXED ASSETS

As permitted by industry practice, the Association has elected not to recognize as assets in its financial statements the Common Areas and office equipment which it owns.

San Ignacio Vistas, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

7. INCOME TAXES

The Association has obtained a ruling from the Internal Revenue Service that it is exempt from income taxes pursuant to Section 501 (C) (4) of the Internal Revenue Code.

8. RELATED PARTY TRANSACTIONS

Pursuant to the Association's Bylaws, no Board Member or Officer receives any compensation for their volunteer services.

The Association contracts with Reliable Secretary Services ("Reliable") to provide day-to-day operations services, including, but not limited to, maintenance of the homeowners' database, corporate files, obtaining legal opinions as directed by the Board, negotiation of the contract for trash services, corresponding with homeowners relative to enforcement of deed restrictions and provisions of the governing documents, generating notices, invoicing homeowners for annual assessments and responding to disclosures for any transfer or sale of a lot within SIV, development and maintenance of the Association website, preparation and distribution of newsletters and a neighborhood phone directory.

Reliable is owned by Marianne Bishop, who is a Board Member and Officer of SIV. Total fees paid to Reliable amounted to \$12,000 in 2016 and \$11,400 in 2015 plus certain office expenses (phone and internet).

In the opinion of the Board, the fees paid are reasonable for all of the services provided.

San Ignacio Vistas, Inc.
Statement of Assets, Liabilities and Fund Balances
(Modified Cash Basis)
December 31, 2016 with Comparative Totals for 2015

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total All Funds</u>	
			<u>2016</u>	<u>2015</u>
ASSETS				
Cash	\$ 105,010	\$ 24,389	\$ 129,399	\$ 150,834
Investments	<u>-</u>	<u>439,729</u>	<u>439,729</u>	<u>380,352</u>
(Fair Value of \$450,104 in 2016 and \$380,606 in 2015)				
TOTAL ASSETS	<u>\$ 105,010</u>	<u>\$ 464,118</u>	<u>\$ 569,128</u>	<u>\$ 531,186</u>
LIABILITIES				
Assessments Received in Advance	\$ 91,690	\$ -	\$ 91,690	\$ 92,400
FUND BALANCES	<u>13,320</u>	<u>464,118</u>	<u>477,438</u>	<u>438,786</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 105,010</u>	<u>\$ 464,118</u>	<u>\$ 569,128</u>	<u>\$ 531,186</u>

Prepared by: M Bishop, Treas
1-10-17

San Ignacio Vistas, Inc.
Statement of Revenue, Expenses and Changes in Fund Balances
(Modified Cash Basis)

Year Ended December 31, 2016 with Comparative Totals for 2015

	<u>Operating Fund</u>		<u>Reserve Fund</u>		<u>Total All Funds</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	
					<u>2016</u>	<u>2015</u>
REVENUE						
Assessments	\$ 67,949	\$ 67,949	\$ 51,750	\$ 51,750	\$ 119,699	\$ 114,000
Transfer and Document Fees	3,000	4,850	-	-	4,850	4,250
Investment Income	<u>120</u>	<u>126</u>	<u>9,000</u>	<u>10,744</u>	<u>10,870</u>	<u>9,036</u>
TOTAL REVENUE	<u>71,069</u>	<u>72,925</u>	<u>60,750</u>	<u>62,494</u>	<u>135,419</u>	<u>127,286</u>
EXPENSES						
Maintenance	44,600	45,068	35,000	30,274	75,342	45,734
Administrative	18,860	16,131	-	-	16,131	16,823
Other	<u>5,610</u>	<u>5,293</u>	<u>-</u>	<u>-</u>	<u>5,293</u>	<u>5,551</u>
TOTAL EXPENSES	<u>69,070</u>	<u>66,492</u>	<u>35,000</u>	<u>30,274</u>	<u>96,766</u>	<u>68,108</u>
EXCESS REVENUE (EXPENSES)	1,999	6,433	25,750	32,220	38,653	59,178
FUND BALANCES						
Beginning of Year	<u>6,887</u>	<u>6,887</u>	<u>431,898</u>	<u>431,898</u>	<u>438,785</u>	<u>379,608</u>
END OF YEAR	<u>\$ 8,886</u>	<u>\$ 13,320</u>	<u>\$ 457,648</u>	<u>\$ 464,118</u>	<u>\$ 477,438</u>	<u>\$ 438,786</u>

Prepared by: M Bishop, Treas.
1-10-17

ATTACHMENT B

SIV ROAD SUB-COMMITTEE MEETING NOTES JANUARY 30, 2017 1 PM

Present were: Don White, Gary Powers, Duane Felstet, Pat Imgrund – chair

Discussion of results of questions sent by this sub-committee to Association Reserves and Capital Reserve Analysts. Association Reserves is the only company that returned answers. We found the answers enlightening. After a discussion it was decided by unanimous consensus to recommend to the board that Association Reserves be hired to do a reserve study update without a site visit. We believe that a site visit is of little value, in light of the information we gained from the answers to the questions we asked.

There was a thorough discussion of the road reflectors in SIV. Don will manage this program and begin with research into adhesives. The hope is to find an adhesive that will bond the reflectors more reliably than adhesives used in the past.

Additional discussion was conducted on numerous other items.

Meeting adjourned at 3:05 PM

ATTACHMENT C

2/5/2017
Cash Basis

San Ignacio Vistas, Inc
Balance Sheet
As of January 31, 2017

ASSETS

Current Assets	<u>OPERATING</u>	<u>RESERVE</u>	<u>TOTAL</u>
120 · COMMERCE CHECKING	<u>78,538</u>		
	<u>78,538</u>		
1502 · COMMERCE RESERVE		73,017	
1505 · WELLESLEY INCOME VWIAX (MV = 128,090)		123,254	
1507 · WASH FED 5yr 2/13/20 APY 1.93%		62,222	
1508 · GOLDMAN SACHS CD .85% -4-28-17 (MV-99,989)		100,000	
1509 · COMMERCE CD 6/30/17 APY .98%		101,790	
1510 · WELLINGTON -VWENX (MV = 58,087)		52,548	
1511 · VANGUARD - MM		<u>1,283</u>	
		<u>514,114</u>	
			592,652
LIABILITIES & EQUITY			
FUND BALANCES			
300 · Operating Fund Balance	13,320		13,320
3000 · Reserve Fund Balance		464,118	464,118
Net Income	65,218	49,996	<u>115,214</u>
TOTAL LIABILITIES & FUND BALANCES			592,652

San Ignacio Vistas, Inc

Budget vs. Actual

January 2017

	Operating		Reserve		Total Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Income						
Operating Revenue						
400 · Assessments	70,680	70,680	50,160	50,160		
410 · Transfer and Document Fees	300	3,000				
420 · Operating Fund Interest	14	120				
Total Operating Revenue	70,994	73,800				
Reserve Fund						
4200 · Reserve Fund Interest			92	11,603		
Total Income	70,994	73,800	50,252	61,763	121,246	135,563
Expense						
Operating						
Maintenance Expenditures						
500 · Yearly Contract	2,502	30,000				
501 · Invasive Grass	0	3,000				
502 · Tree Trimming	0	4,900				
503 · Utilities	150	470				
505 · Other Maintenance	0	5,000				
506 · Erosion Mitigation	0	2,000				
507 · Plant Replace	0	2,300				
4201 - Reserves-Misc (Study)				2,000		
5004 - Other Maint			256			
5006-Erosion Mitigation			0	13,000		
Total Maintenance Expenditures	2,652	47,670	256	15,000		
Administrative						
510 · Contract Service	1,050	12,600				
511 · Board	0	500				
512 · Legal	0	1,500				
513 · Communications						
513.1 · Computer/ Internet	248	1,100				
513.2 · Telephone	97	1,300				
513.3 · Office Supplies	14	50				
513.4 · Printing/Reproduction	0	2,000				
513.5 · Postage/Delivery	0	250				
513.6 · Record Storage	0	500				
Total 513 · Communications	359	5,200				
Total Administrative	1,409	19,800				
Other Operating						
521 · Insurance	0	3,500				
522 · Membership Fee - GVC	1,710	1,710				
523 · Taxes and Contingency	5	400				
Total Other Operating	1,715	5,610				
Total Expense	5,776	73,080	256	15,000		
Net Income	65,218	720	49,996	46,763		
Beginning Fund Balance	13,317	13,317	464,120	464,120		
	78,535	14,037	514,116	510,883	592,651	