

FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2022

Note: These results reflect certain supplemental budget expenses approved by the Board in March, 2022.

For the year ended June 30, 2022, **the net income before depreciation is \$529,476 better than plan;** \$122,078 income versus a planned loss of (\$407,398). The positive variance is approximately **31% related to better than planned revenue and 69% due to lower than planned expenses.**

Operating Revenue is \$166,008 or 3.6%, better than plan. Due to higher than planned unit sales (225 units closed this year compared to 128 in the prior year), real estate office rental income and transfer/disclosure fees are a combined ~ \$129,000 above plan, representing 78% of the total revenue positive variance. RV Overnight space income is ~\$31,000 over plan related to higher-than-expected summer occupancy rate and fee increases.

Operating Expenses are \$363,470 or 7.2 % better than plan. However, when excluding expenses typically funded from Reserves (i.e., Bathhouse 3 pipe reline and Pavement work), expenses are \$277,000 or 5.8% better than plan. The operating expense saving are primarily related to less than planned staff expenses in Activities, Security and Maintenance. Material departmental expense variances are discussed below. Overall, **Employee Benefits, Payroll Taxes and Workers Comp insurance are \$82,700 better than plan,** which is primarily reflective of less than planned staffing. These costs are allocated directly to the various departments and are not shown separately, but account for approximately **30% of the overall expense savings.**

Association is ~ \$45,000 worse than plan, primarily related to a \$33,000 overage in legal fees, driven by homeowner rules enforcement actions and a \$5,800 overage in commercial insurance costs.

Administration - gross wages for supervisors and office staff at 1.7% *better* than plan. However, an overall negative variance of ~\$28,000 is attributed to two other items: 1) ~16,000 less in planned tax and benefit allocations to the other departments and 2) the ~9,000 purchase and installation of a storage shed with fire-proof file cabinets.

Activities is ~ \$80,000 better than plan: ~\$18,000 due to delay in hiring two janitorial positions; ~\$29,000 savings due to a delay in seasonal janitorial contracted services; and approximately \$18,000 less in employee benefit/tax allocations.

Security is ~\$64,000 better than plan primarily related to less than planned staffing of ~\$57,000 and therefore lower than planned benefit/payroll tax allocations of ~\$33,000, offset by higher recruiting costs ~\$4,000, security system ~\$10,000, golf cart maintenance ~\$4,000 and a ~\$10,000 golf cart purchase cost in excess of the originally estimated price.

Maintenance is ~\$79,000 better than plan, of which ~\$51,000 is related to wage /benefit costs, \$19,000 in savings due to lower than planned contract painting costs and ~26,00 less than planned general building and HVAC maintenance. These savings were offset by \$10,000 in increased recruiting costs and \$8,000 in pest control.

Landscaping is ~\$41,000 better than plan, primarily related to less than planned staffing and benefit/tax allocations.

Janitorial is ~\$58,000 better than plan primarily related to less than planned staffing and benefit/tax allocations.

Waste Disposal is ~ \$19,000 better than plan primarily related to less than planned staffing and benefit/tax allocations.

Common Element Capital Purchases \$90k limit – the ~\$42,000 positive variance is related to less than planned electrical panel replacement work. There are an additional \$10,000 of these costs budgeted in FYE 6/30/2022 that remain scheduled but incomplete and will be rolled over to the FYE 6/30/2023 budget.

Pavement is ~ \$89,000 better than plan. These expenses were part of a Board approved supplemental budget to help maintain the reserve fund balance, made possible by the better than planned performance the operating fund. The savings are primarily attributed to not using \$70,000 in soil compaction contingencies and finding a lower cost vendor after the budget process was complete.

ACCOUNTS RECEIVABLE

The Owner Accounts Receivable balance at year end is \$12,223, of which one homeowner account represents 44% of the balance and has been referred to legal counsel. Only three other accounts owe more than one quarterly assessment. Overall, inclusive of the two special assessments, the overall delinquency rate is 0.47%, compared to 0.78% at the prior fiscal year end of June 30, 2021.

RESERVE FUND

See the accompanying Revenue and Expense statement for the Reserve Fund for a listing of year-to-date expenditures. **The Reserve Fund balance is \$1,302,764 at year end.**

SPECIAL ASSESSMENTS

The Venture Out community approved two special assessments at the annual meeting held on February 16, 2022. The Storm Drain, Proposition # 1, passed with 89% approval and Proposition # 2, the new West Pool passed with 74.5% approval. These special assessments are in addition to the regular current quarterly assessment.

The total of the special assessments is \$2,967.00, payable in full by April 1, 2022, or in four equal quarterly installments of \$741.75 beginning April 1, 2022.

The components of the special assessments are as follows:

1. 48" storm drain project: \$903.00 total, or \$225.75 quarterly
2. Construction of the new west pool: \$2,064.00 total, or \$516.00 quarterly.

These Special Assessments are shown as separate funds on the accompanying Balance Sheet and separately in the Reserve Fund Revenue and Expense statement. Amounts collected for the Special Assessments are initially deposited into the Operating Fund and then transferred periodically to the respective special assessment funds.

Venture Out at Mesa, Inc.

Balance Sheet
as of June 30, 2022

	Operating Fund	Reserve Fund	West Pool Special Assessment	48" Drain Special Assessment	Recreation Activities Fund	Consolidated
Assets						
Cash	\$ 1,499,721	\$ 1,499,358	\$ 1,629,565	\$ 877,640	\$ 82,103	\$ 5,588,387
Owner HOA Dues Receivables	12,224					12,224
Prepaid Expenses & Other	13,735					13,735
Interfund Due From / (To)	210,314	(196,594)			(13,720)	-
Fixed Assets - Net	9,394,205					9,394,205
Total Assets	\$ 11,130,199	\$ 1,302,764	\$ 1,629,565	\$ 877,640	\$ 68,383	\$ 15,008,551
Liabilities						
Accounts Payable	709,389					709,389
RV Overnight & Storage Reservation Deposits	48,187					48,187
Prepaid Assessments	481,691		1,117,656	488,974		2,088,321
Unearned Marketing Revenue	116,600					116,600
Other Payables	33,150					33,150
Wages Payable	70,059					70,059
Accrued Vacation & PTO	207,016					207,016
Total Liabilities	\$ 1,666,092	\$ -	\$ 1,117,656	\$ 488,974	\$ -	\$ 3,272,722
Fund Balances						
Net Income	122,078	452,285	511,909	388,666	(13,678)	1,461,260
Beginning Fund Balances	9,342,029	850,479	-	-	82,061	10,274,569
Total Fund Balances	\$ 9,464,107	\$ 1,302,764	\$ 511,909	\$ 388,666	\$ 68,383	\$ 11,735,829
Total Liabilities and Fund Balances	\$ 11,130,199	\$ 1,302,764	\$ 1,629,565	\$ 877,640	\$ 68,383	\$ 15,008,551

Venture Out at Mesa Inc.

Revenues and Expenses Statement - Operating Fund

From 07/01/2021 to 06/30/2022

	Actual Current Period	Budget Current Period	Variance Real of the Period to its Budget in \$	Actual Current Year	YTD Budget	Variance YTD Budget to YTD Real\$
<u>Revenues</u>						
Assessments	4,197,600	4,197,600		4,197,600	4,197,600	
Owner Fees	49,910	46,327	3,583	49,910	46,327	3,583
Transfer & Disclosure Fees	114,360	41,400	72,960	114,360	41,400	72,960
Other Service Fees	33,293	43,424	(10,131)	33,293	43,424	(10,131)
RV Overnight Space Rentals	139,761	108,800	30,961	139,761	108,800	30,961
Vehicle Storage	42,666	42,600	66	42,666	42,600	66
Real Estate Office Rental	106,534	50,700	55,834	106,534	50,700	55,834
Century Link Marketing Program	40,989	40,980	9	40,989	40,980	9
Laundry Operations	16,279	18,191	(1,912)	16,279	18,191	(1,912)
Water Vending Machines	12,795	12,900	(105)	12,795	12,900	(105)
Other Income	23,364	8,925	14,439	23,364	8,925	14,439
Interest Income	2,438	1,918	520	2,438	1,918	520
Retail Sales	6,969	7,185	(216)	6,969	7,185	(216)
Total Revenue	4,786,958	4,620,950	166,008	4,786,958	4,620,950	166,008

Expenses

Association	222,658	177,574	(45,084)	222,658	177,574	(45,084)
Administration	734,110	706,217	(27,893)	734,110	706,217	(27,893)
Activities	654,805	735,324	80,519	654,805	735,324	80,519
Security	697,249	761,726	64,477	697,249	761,726	64,477
Maintenance	483,740	562,698	78,958	483,740	562,698	78,958
Landscaping	245,657	286,576	40,919	245,657	286,576	40,919

Venture Out at Mesa Inc.

Revenues and Expenses Statement - Operating Fund

From 07/01/2021 to 06/30/2022

	Actual Current Period	Budget Current Period	Variance Real of the Period to its Budget in \$	Actual Current Year	YTD Budget	Variance YTD Budget to YTD Real\$
Janitorial	262,280	319,908	57,628	262,280	319,908	57,628
Pool	99,799	97,232	(2,567)	99,799	97,232	(2,567)
Waste Disposal	153,606	134,236	(19,370)	153,606	134,236	(19,370)
Irrigation	67,305	62,672	(4,633)	67,305	62,672	(4,633)
Laundry Operations	4,509	3,150	(1,359)	4,509	3,150	(1,359)
Payroll Taxes, Insurance & Other Benefits	(1)		1	(1)		1
Utilities	784,635	795,442	10,808	784,635	795,442	10,808
Common Element Capital Purchases \$90,000 limit	37,780	80,000	42,220	37,780	80,000	42,220
Bathhouse 3 Repipe/Relining - Op Fund	23,548	23,548	1	23,548	23,548	1
Pavement-Main: Invincible (Op Funding)	96,600	141,022	44,422	96,600	141,022	44,422
Pavement-Main: Dart (Op Funding)	96,600	141,023	44,423	96,600	141,023	44,423
Total Expense	4,664,880	5,028,348	363,470	4,664,880	5,028,348	363,470
Net Income	122,078	(407,398)	529,476	122,078	(407,398)	529,476

Venture Out At Mesa, Inc.

Revenue and Expenses Statement - Reserve and Special Assessment Funds for the Fiscal Year Ended June 30, 2022

	Reserve Fund			Special Assessment Funds	
	Actual	Budget	Variance	West Pool	Drain Project
Revenues					
Assessment Income	\$ 944,460	\$ 944,460	\$ -	\$ 902,484	\$ 394,837
Interest Income	3,786		3,786		
Total Revenues	\$ 948,246	\$ 944,460	\$ 3,786	\$ 902,484	\$ 394,837
Expenses					
Maintenance - Electrical Contracted Services	\$ 5,200	\$ -	\$ (5,200)		
Unspent Reserve Contingency Expenses	-	9,960	9,960		
Consulting Fees - Streets	22,660	30,355	7,695		
Pavement: Crack Seal/Repair	1,400	-	(1,400)		
Pavement - Striping	11,550	9,200	(2,350)		
Concrete: Valley Gutters	82,783	82,608	(175)		
Concrete: Sidewalks	8,538	8,538	-		
Common Area Pole Lights - Large	262,043	256,791	(5,252)		
Common Area Backflow Valves	987	987	-		
Common Area - 312 Aero Drainage	2,973	30,000	27,027		
Pickleball Courts 1-4	10,000	10,000	-		
Pickleball Courts 5-6	4,500	4,500	-		
Pickleball Courts 7-8	4,708	4,000	(708)		
West Pool Architect & Construction Mgmt	28,225	24,240	(3,985)		
West Pool Asbestos Inspection/Removal	2,520	10,000	7,480		
EPC Pool Pool Lift	516	516	-		
EPC Water Heaters	3,856	3,856	-		
Community Cntr HVAC	-	4,900	4,900		
Community Cntr Ballroom Floor	11,198	11,500	302		
Community Cntr Elevator Equipment	3,358	3,358	-		
Bathhouse 3 Remodel/Replace	10,036	10,036	-		
Bathhouse 5 Remodel/Replace	5,297	5,340	43		
Bathhouse 6 Remodel/Replace	4,380	4,680	300		
Bathhouse 8 Fixtures/Plumbing/Water Heater	1,433	1,433	-		
Oasis Bldg HVAC	7,800	7,800	-		
New West Pool Construction Expenses				\$ 390,575	
48" Drain Project Expenses					\$ 6,171
Total Expenses	\$ 495,961	\$ 534,598	\$ 38,637	\$ 390,575	\$ 6,171
Net Income	\$ 452,285	\$ 409,862	\$ (34,851)	\$ 511,909	\$ 388,666

Note 1: Budget amounts have been adjusted for:

* - amounts approved by the Board during the FYE 6.30.2023 budget process which were incurred during the FYE 6.30.2022

* - timing differences, in which funds were approved but not yet spent by the end of the fiscal year. These amounts will be added to the FYE 6.30.2023 budget.

Note 2: Budget expense variances for the West Pool and Drainage projects are not yet determinable, and hence year to date expenses variances are not reported. As the projects progress towards completion and as more information becomes available on any contingencies above contract amounts, updates will be provided.