

Saddlebrooke HOA#1
Finance Committee Meeting
December 20, 2011

The meeting was called to order at 9:00 a.m. by the Chairman, Tom Simester.

Members Present: Tom Simester, Dick Barr, Glenn Gage, Ted DeMerritt and Chris Toney

Members Absent: Dick Bogen, Fred Chapman, Kate McLeod and Barbara Starrett

Management Present: Scott Devereaux and Linda McAlister

Board Present: Dave Taylor

Minutes: The minutes of the November 22th meeting were approved.

Finance Committee for 2012: There was also a general discussion of the Finance Committee schedule and members for 2012. The Board will consider the appointment of chairpersons for the various committees in late January and will consider and approve members to the various committees at the Board's February meeting. As a result of this timing it was agreed that the current chairman, Tom Simester, will chair the January meeting and that current members will continue to serve through that date. With the exception of Tom Simester, all members present indicated their desire to continue to serve in 2012. After hearing from the members present, Dave and Scott, Glenn Gage consented to be considered by the Board as Chairman in 2012.

Board Liaison: Dave Taylor reported that the Board approved the formation (including a charter) of the Saddlebrooke Homeowners' Association #1 Employee 401K Investment Committee. According to the charter, the committee is made up of the General Manager, Controller, HR Generalist, Board Treasurer and one member at large. Glenn Gage was appointed by the Board as the member at large. Dave also reported that certain capital expenditures had been approved.

General Manager: Scott Devereaux expressed his thanks to the existing Committee members for their service. He also commented on the following projects for 2012. The Reserve Replacement Study should be updated and completed in January. The 10 Year Financial Projection is expected to be updated and completed in February/March. A report on the tax status of the Association will be made to the Committee early in the 2nd quarter. Other issues expecting to require consideration by the Committee are accounting for roads, review of existing guidelines for depreciable useful lives and the appropriate basis or support for estimated future rates of inflation.

Controller: The financial statements for November 2011 and the related variance report and the full year forecast had been distributed to the Committee well in advance of the meeting. As a result few questions were raised. It was noted, due to the weather, Golf would most likely experience some slippage from the forecast in December.

Food & Beverage's net loss was \$13,110 vs. \$16,066 budget. Cost of goods sold was 39.7% vs. a forecast of 38%. Gross margin was over budget by \$6,667 due to a \$21,161 positive variance in sales. Payroll, even with the increase in sales, was on budget.

Linda McAlister reported that insurance negotiations had just been completed. Rates are generally flat for 2012. She also noted that contrary to prior practice the independent auditor will be observing the taking of the year end physical inventory. Linda also noted that receivables from 3 or 4 properties are significantly past due. As a result of the banks' failure to take foreclosure action (which has been generally reported by the media) is putting the Association in a difficult position as to maintenance of the properties.

Dave noted that the review of investments needs to be on the February agenda.

Audit Committee: Chris Toney led a follow up discussion from the November meeting of the change to the Finance Committee's Charter regarding the Committee's responsibilities with the Association's independent auditor. Dave Taylor also noted that Policy F-5 (Finance, Independent Auditor Engagement) needed to be modified accordingly. After some discussion, Ted DeMerritt made a motion to adopt the draft as written with a minor modification and to reflect these changes in the Policy Manual noted above. The motion was seconded by Dick Barr. The Committee unanimously approved the motion.

These changes will be incorporated into the current Charter along with the change to the Policy Manual and forwarded to the Board for approval in January.

Association Management System: As Kate McLeod was not available Scott led a discussion of the management system. It was noted that the weekly user group meetings continue. F&B is no longer a concern. However, interfaces with certain of the Golf systems continue to be an issue. Scott noted that these issues are being addressed and stated that he expects to go live sometime in January. Financial transactions will be reflected in the new systems as of January 1st.

January Meeting Date: The January meeting was set for January 24, 2012 in the Administrative Conference Room. As noted above, Tom Simester will chair the meeting.

The meeting was adjourned at 11:25a.m.

Respectfully submitted,
Glenn H. Gage, Acting Secretary