To: Sun City Mesquite Finance Committee From: Jim Hier

Date: October 26, 2020 Subject: September 2020 Financial Review

We had 7 closings this month, versus a budget of 15. YTD we are now ahead of budgeted closings by only 1 (103 vs 102). Seabreeze, our property management company, reports 1,810 association members as of the end of the month. Any variance from budget for closings directly impacts revenue for Transfer Fees, Architectural Fees, Capital Contributions and eventually increased Assessments for both SCM and AMM.

SCM

Revenue for the month was $215k, and $16k worse than budget. This variance can be primarily attributed to the reduction in closings mentioned above, which contributed a $12k in unfavorable variances by themself. Multiple other negative variances came from activities suspended or reduced due to COVID. YTD revenues of $2,047k are $69k greater than budget with $59k from Fence Painting Reimbursement, $8k from interest income, and $20k from increased Developer Assessments, offset by reductions in Clubhouse Rentals, Community Sponsorships and Guest Passes as you might expect with our virus related closures.

Expenses of $235k before Capital Improvements for the month were $8k greater than budget. The main contributions to the expense variances were overruns in Maintenance for electrical and HVAC repairs. YTD Expenses of $1,975k are $32k higher than budget, but include the increased contributions to reserves due to the fencing reimbursements and increased closings. Without the increased reserve contributions, expenses for the year would be $35k less than budget.

As always, there were numerous less significant pluses and minuses from other accounts, but the net Loss of ($21k) for the month creates an unfavorable variance from budget of ($20k) after Capital Improvements. YTD Surplus of $48k after Capital Improvements is $37k better than budget.

Total operating funds of $560k are greater than current liabilities of $460k. This provides $100k in unencumbered cash. Liabilities include pre-paid assessments.

AMM

Revenue for the month of $83k is $3k below budget. YTD Revenue of $745k is $3k greater than budget.

Total monthly Expenses of $79k are at budget. G&A expenses of $9k for the month were also right on budget although there were many small offsetting variances throughout the accounts. YTD Expenses of $686k are $28k less than budget with G&A contributing $13k, Golf Course Water Features $13k and Contract Maintenance $6k, offset by an unfavorable variance of $13k in Utilities. Small variances that many times reflect timing differences between budget and actual occurred throughout the accounts.

Net surplus for the month of $4k after Capital Improvements is $2k below budget and YTD Surplus of $58k is $48k better than budget.

Total operating funds of $263k are $58k greater than current liabilities of $205k. Liabilities include pre-paid assessments.

BI

Revenues for the month of $5k and YTD of $46k are right on budget. Expenses for the month of $6k are over budget by $1k primarily due to high Utilities costs, and YTD expenses of $50k are now over budget by $5k. Net loss of $1k for the month is $1k below budget and loss of $4k YTD is $5k below budget.

Total operating funds of $17k are $6k better than current liabilities of $11k.