



*AT PRESCOTT VALLEY COMMUNITY ASSOCIATION*

1300 StoneRidge Drive  
Prescott Valley, AZ 86314  
Telephone: 928-775-7550  
FAX: 928-775-8770

**NOTICE OF 2016 ANNUAL MEETING**

Pursuant to Section 2.3(b) of the Bylaws for StoneRidge at Prescott Valley Community Association, the Annual Meeting of the members will be held as follows:

DATE: Wednesday, March 16, 2016  
TIME: 5:00 P.M. (Sign-In)  
5:30 P.M. (Meeting)  
PLACE: StoneRidge Golf Clubhouse  
1601 N. Bluff Top Road  
PURPOSE: Informational

*Enclosed please find the following:*

1. 2016 Annual Meeting Agenda
2. Minutes of the 2015 Annual Meeting
3. Official Absentee Ballot (yellow form)
4. Resident Information Update (blue form)
5. One Return Envelope

**VOTING INSTRUCTIONS**

The IRS Revenue Ruling 70-604 allows the HOA to file an 1120 tax form which permits the Association to carryover excess membership income over membership expenses to the next year without paying income tax on the excess. We encourage you to vote in favor of this ruling and return the yellow Ballot form as soon as possible. To vote by mail Ballot, please return the completed form in the enclosed envelope. You may also submit your Ballot by fax to 928-775-8770 attn: Barbara McEvoy; by depositing it in the ballot box in the Community Center; or by bringing it to the meeting. Per the Community Charter, Section 7.5 and the Amended Bylaws, Section 2.7(a), "Members whose right to vote has not been suspended in accordance with Section 7.5 of the Community Charter shall have such voting rights as are set forth in the Community Charter, which provisions are specifically incorporated by this reference."

If mailing the Ballot it must be received at the HOAMCO office in the envelope provided by 4:00 p.m. on March 11, 2016 or it may be turned in at the Meeting in the enclosed envelope. **It is very important that you return the Ballot since the Ballot counts toward a quorum. Three hundred thirty (330) Ballots are required to attain a quorum, based on 30% of eligible voters.**

Please contact Barbara McEvoy at (928) 775-7550 or email [bmcevoy@hoamco.com](mailto:bmcevoy@hoamco.com) if you have any questions concerning the voting process. Thank you!

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STONERIDGE AT PRESCOTT VALLEY COMMUNITY ASSOCIATION  
ANNUAL MEMBERSHIP MEETING

Wednesday, March 16, 2016  
StoneRidge Golf Clubhouse  
1601 N. Bluff Top Drive

Check in – 5:00 pm  
Meeting starts – 5:30 pm

**AGENDA**

- I. WELCOME AND INTRODUCTION OF BOARD MEMBERS AND MANAGEMENT TEAM
- II. CALL TO ORDER
- III. REPORTS
  - A. PRESIDENT’S REPORT – WALT NAGY
  - B. COMMUNITY MANAGER REPORT - BARBARA McEVOY
  - C. 2015 FINANCIAL REPORT – MICHELLE CLAY
- IV. COMMITTEE REPORTS
  - A. FINANCE COMMITTEE
  - B. DESIGN REVIEW COMMITTEE
- V. BALLOT RESULTS:
  - A. APPROVAL OF THE 2015 ANNUAL MEETING MINUTES
  - B. IRS RULING 70-604 FOR 2016
- VI. OPEN FORUM
- VII. ADJOURNMENT



## **ANNUAL MEETING**

**March 18, 2015**

### **MINUTES OF MEETING**

**Barbara McEvoy, Community Association Manager**, welcomed the StoneRidge community with opening remarks and then introduced the Association Board of Directors: Mike Richards, Founder Representative & Secretary/Treasurer; Megan Lowe, Founder Representative, Erin Lowe, Founder Representative. Absent was Tim Costilow, Owner Representative & President.

The meeting was called to order at 5:35pm.

Motion made by Megan to adopt the March 18, 2015 Annual Meeting agenda (as revised), the motion was seconded by Erin and unanimously approved.

Motion made by Megan to approve the Minutes of the March 24, 2014 Annual Meeting, the motion was seconded by Erin and unanimously approved.

Results of the 70-604 IRS Tax Ruling Option: The minimum quorum was 324; Ballots received were 507. (In favor 505, opposed 2). Therefore, the IRS revenue ruling is passed for the 2015 tax year.

#### **Committee Reports:**

Barbara thanked the members of the Activities Committee for their hard work.

Finance Committee - Walt Nagy stated that we continue to be in excellent financial shape and the reserves are healthy.

Design Review Committee - Nancy Smith reviewed the submittal process and stated that the Committee undertook the project of revising the Design Guidelines.

#### **Management Reports:**

**Barbara McEvoy, Community Manager**, presented the 2014 Management Reports.

128 New homeowners in 2014 (32 new construction; 96 resales)

Community Center usage was down a bit from 2014.

A total of 735 violation letters were issued, 652 (approx. 88%) resolved.

Projects completed in 2014 included:

- Indoor pool and spa resurfacing
- Pool decks resurfaced
- Remodeling of the multi-purpose room and reception area
- Townhome trim and mailbox painting
- Upgraded parking lot lights with LEDs
- New card reader software
- Website redesign
- Policy Revisions
  - Community Center Rules
  - Guest Parking Policy
  - Design Guidelines
  - Community Rules

Planned projects for 2015 include:

- Continued water conservation
- Common area landscaping (phases 6 and 7)
- Block wall painting

**Barbara McEvoy, then presented the 2014 financial reports:**

- Year end balance sheet indicates a total asset of \$782,112
  - Operating cash 44%
  - Reserve cash 54.5%
  - Accounts receivable .5%
  - Prepaid expenses 1%
- Total liabilities are \$782,112
  - Prepaid assessments 9.4%
  - Accounts payable 4.4%
  - Other liabilities .5%
  - Operating Equity 32.5%
  - Reserve Equity 53.2%
- Total Revenues \$858,815
  - Homeowner assessments 86.7%
  - Service Assessments 3.6%
  - Capital contribution 4.5%
  - Community center revenue 2.5%
  - Other income 2.7%
- Total Expenses \$734,521
  - Administrative expenses 13%
  - Contract services 7.5%
  - Common area maintenance and expenses 30%
  - Community center expenses 49.5%
  - Taxes/other: less than 1%
- A total of \$69,925 was transferred to reserves
- Total reserve expenses for 2014 were \$106,695
- Regarding the 2015 budget:
  - Budgeted revenues \$854,209
  - Budgeted expenses \$800,453
  - Budgeted transfers to reserves \$53,756

**2014 Accomplishments Presented by Erin Lowe:**

- Balanced budget and fully funded reserves
- Diligently pursued delinquent accounts (less than 1% delinquency at end of year)
- Re-landscaped common areas in Phase 5
- Continued asset preservation (pool and banquet room)
- Energy and water conservation projects

**2015 Goals presented by Megan Lowe:**

- Maintain fiscal health of community
- Continue to build relationship between HOA and developer
- Long-range planning
- Continue to upgrade landscaping in common areas (specifically phases 6 and 7)
- Continued conservation efforts
- Enhanced communications
- Maintenance of community assets

**Estancia & Univest reports presented by Mike Richards:**

- 32 homes sold and/or occupied
- Average sales price \$407,000
- 47 Golf Villas available soon
- 19 Estate lots available

Tom Lowe then gave a presentation on his plans for the community and the golf course/grille.

**Open Forum:**

Questions were taken from the members which the Board addressed.

**Closing Remarks:** Barbara McEvoy thanked everyone for coming.

**There being no further business,** a Motion to adjourn the meeting was made by Erin, seconded by Megan, and unanimously carried. Meeting was adjourned at 7:44 p.m..

Respectfully Submitted,

Barbara McEvoy, Community Manager



StoneRidge at Prescott Valley Community Association  
1300 StoneRidge Drive  
Prescott Valley, Arizona 86314

**OFFICIAL ABSENTEE BALLOT**

**(1) The purpose of this Ballot item is for the approval of IRS Revenue Ruling 70-604.**

This Ruling will allow the Association to apply any excess of membership income over membership expenses to be applied against the subsequent tax year member assessments if filing form 1120, and requires approval of the membership.

Please place one (1) vote either **in favor** of the IRS Revenue Ruling 70-604 or one (1) vote **not in favor** of the IRS Revenue Ruling 70-604. **Any Ballot with more than one (1) vote will be deemed invalid for purposes of calculating this vote. For a description of this Ballot item, please see reverse side.**

\_\_\_\_\_ Yes, I am **in favor** of approving IRS Revenue Ruling 70-604 for tax year 2016 for the StoneRidge at Prescott Valley Community Association which will allow excess membership income over membership expenses to be applied against the subsequent tax year if filing form 1120.

\_\_\_\_\_ No, I am **not in favor** of approving the IRS Revenue Ruling 70-604 for tax year 2016 for the StoneRidge at Prescott Valley Community Association.

**(2) The purpose of this Ballot item is for the approval of the 2015 Annual Meeting Minutes.**

\_\_\_\_\_ Yes, I approve

\_\_\_\_\_ No, I do not approve

The Association has **1096** members. According to the Second Amendment to the Association's Bylaws, 30% of the total votes in the Association shall constitute a quorum.... Therefore, in order to validate this vote, at least **330** eligible Ballots must be received **on or before 2:00 pm on March 11, 2016. YOUR PARTICIPATION IN THIS PROCESS IS CRUCIAL AND APPRECIATED.** If a quorum is not achieved, the meeting will be continued to a new date and time at the call of the President. The results will be announced at the Annual Meeting scheduled for Wednesday, March 16, 2016.

This Ballot will be accepted in the envelope provided, or you may fax it to 928-775-8770. You may also drop it off at the Community Center. The Ballots are valid for the Annual Meeting or any adjournment thereof.

If you have any questions, please contact Barbara McEvoy, Community Manager [bmcevoy@hoamco.com](mailto:bmcevoy@hoamco.com) or (928) 775-7550. Thank you.

\*Signature of Owner: \_\_\_\_\_ Date: \_\_\_\_\_

\*Print Name: \_\_\_\_\_ \*Address or Lot #: \_\_\_\_\_

**\*Must be completed in order for this ballot to be valid**

## **IRS Revenue Ruling 70-604**

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### **Background**

Revenue Ruling 70-604 pertains to the HOA filing a 1120 tax form that will allow the association to carryover excess membership income over membership expenses to the next year without paying income tax on the excess. As part of the ruling, the membership must vote to approve the adoption of the Resolution for Revenue Ruling 70-604 Election.

Most associations file an 1120H, which is specifically designed for HOA's, whereas the 1120 is designed for corporations. By adopting the election, the association has the option to carryover any excess income without paying taxes on membership income when filing an 1120.

Approval of the resolution for the revenue ruling election by the membership allows the association the option of filing whichever form (1120 or 1120H) is most cost-effective to the association. If the resolution is not approved, then the association will not be able to take advantage of Revenue Ruling 70-604, and will therefore be open to paying taxes on any excess income.

Below is a general description for each form:

Form 1120H – Section 528 (referred to as tax-exempt). This form was designed for homeowners' associations and there is no risk that any member assessments will be taxed as income, other than any fees for services. The Association will pay a fixed rate of 30%. Only non-exempt income is taxed if certain tests are met regarding revenues and expenses. Non-exempt income usually includes non-member income such as interest and rental income.

Form 1120 – Section 277 (referred to as corporate). The association will pay taxes based on corporate rates from 15% - 39%. This tax form carries a considerably higher tax risk of adverse tax consequences in the event of an IRS audit. Due to the complexity of the tax rules, the IRS, in an audit, may attempt to treat member operating and reserve assessments as taxable income.



### RESIDENT INFORMATION UPDATE

As you may know, we are in the process of implementing a new owner database. To assist us in making sure that all information transferred properly (and so that we may know our residents and be able to effectively communicate with them), we would appreciate your completing and returning this form with your 2016 Ballot.

Owner #1: \_\_\_\_\_

Owner #2: \_\_\_\_\_

StoneRidge Property Address: \_\_\_\_\_

Telephone #: (Home) \_\_\_\_\_

(Owner #1 Cell) \_\_\_\_\_

(Owner #2 Cell) \_\_\_\_\_

Owner #1 Email: \_\_\_\_\_

Owner #2 Email: \_\_\_\_\_

Do you reside in this home on a full-time basis: \_\_\_\_\_ Yes \_\_\_\_\_ No

If No, please provide the following information:

Alternate Mailing address: \_\_\_\_\_

\_\_\_\_\_

Names of all Tenants (if rented): \_\_\_\_\_

\_\_\_\_\_

Tenant telephone number: \_\_\_\_\_

I authorize my contact information to be shared with StoneRidge Community Services: \_\_\_\_\_ Yes \_\_\_\_\_ No

If there are issues or matters that you would like the Board and Management Company to be aware of, please list them below:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_