

EAST CANYON RESORT

2024 Annual Shareholders Meeting Notice & Agenda

Date: Thursday, September 26, 2024

Time: 6:00 PM MT Registration
7:00 PM MT Annual Meeting Call to Order

Location: East Canyon Resort
8896 S. Hwy. 65
Morgan, UT 84050

East Canyon Resort Lodge

Agenda

- I.** Welcome and Introductions
- II.** 2023 Annual Members' Meeting Minutes
- III.** East Canyon Resort Financial Report
- IV.** Resort Manager Report/Report from Board Chairperson
- V.** Board Candidate Introductions and Ballot Collection
- VI.** Other Resort Business
- VII.** Question and Answer Period
- VIII.** Adjournment

EAST CANYON RESORT, INC.
ANNUAL MEETING MINUTES
September 28, 2023

I. WELCOME AND INTRODUCTIONS

The meeting was called to order by Board President Jamie Barnes at 7:00 PM MT at East Canyon Resort in Henefer, UT. A quorum was present to conduct business. Jamie Barnes introduced the Board of Directors, Resort and VRI staff members, and thanked the members present for their attendance. The following persons participated in the meeting:

Board Members

Jamie Barnes, Board President
Randy Upton, Board Vice Chairman
Toni Noerring, Board Secretary
Vickie Roberts, Board Director
William Thompson, Board Director
Terry Nelson, Board Director
Robert Watson, Board Director

VRI and Resort Staff

Holly Moore, General Manager
Moriah Morgan, Assistant General Manager
Caitlin Postlethwait, VRI Administrative Assistant

Members

There were 44 Members in attendance and a quorum was established by members present. At any meeting of the members, the members and proxy holders in attendance shall, whether or not a majority is present, constitute a quorum.

II. APPROVAL OF THE 2022 ANNUAL MEMBERS MEETING MINUTES

MOTION: Corey Barton moved to approve the minutes of the 2022 Annual Members Meeting on September 22, 2022 with one correction. Motion was seconded by Jeff Gale and approved.

III. EAST CANYON RESORT FINANCIAL REPORT

A sign-sheet was provided to members at check in to request a copy of the most recent finalized financial audit report when it is available. Randy Upton reviewed the 2022-2023 fiscal year end audit and addressed various questions from members on variances in budget line items.

Jamie Barnes reviewed the five (5) financial resolutions for the 2022-2023 operating fiscal year:

1. Establishes the Board as the agent of the owners in assessing, collecting, and allocating Replacement Fund distribution.
2. Ratifies the 2022/2023 audit and the actions of the Board for the 2022/2023 fiscal year.
3. Ratifies the amount of excess operating funds transferred to the Replacement Fund after the end of the 2022/2023 fiscal year

4. To ratify the 2023/2024 fiscal year budget and authorize the funding of a Replacement Fund account.
5. Designates that all excess operating funds at 2023/2024 (if any) will be transferred into the Replacement Fund account rather than have it returned to the owners.

MOTION: Judy Thomas moved to approve the 2023-2024 fiscal year budget the motion was seconded by Kent Greenfield and approved by majority. Three (3) oppositions.

MOTION: Michael Finch made a motion to ratify the five (5) financial resolutions proposed for East Canyon Resort Board of Directors. Motion was seconded by Corey Barton and approved unanimously.

IV. RESORT MANAGER REPORT

Holly Moore Resort Manager addressed the members in attendance on current operations at East Canyon Resort. Holly thanked the members for their support and cooperation with resort staff. Holly reported that the north pool will be re-surfaced in October and other various resort improvement projects such as tree removal and staff training.

V. ELECTION

Jamie Barnes invited Board election candidates present in the meeting to make three (3) minute candidate statements. There were no additional candidate nominations from the floor.

Board member Robert Watson requested time to address the members in attendance regarding current Board direction and operations. Discussion held among members on proposal of land swap between ECR neighboring land owner T. Milton and ECR. Grievance expressed about permitting T. Milton to re-install fencing along property lines. Concerns voiced about a husband and wife potentially filling two seats on the Board of Directors. It was advised that there is no bylaw stating that it is a recognized conflict of interest. A member made a motion to have ballots redistributed in light of information provided, the motion was not seconded and did not carry. Due to the member concern, Jamie Barnes was in agreement to resign from the Board as the appointed representative to fill the one (1) year vacancy term of a resigned Board member once her term expired in 2023 should her husband Cody Barnes be elected.

ECR Members Lisa Finch and Corey Barton were selected to sit in on ballot count post meeting to tabulate election results. Election results will be available for announcement on Monday October 2, 2023.

The Board candidates were thanked for their willingness to serve.

VI. QUESTION AND ANSWER PERIOD

The floor was opened for East Canyon Resort Members to ask questions regarding Resort business. Members addressed ECR Board members and staff regarding Facebook posts being deleted. It was stated that the official ECR Members Facebook page maintained by the resort's intent is to notify of resort related activities and business and retain content professional in nature, members were invited to start or join independent member-run Facebook pages/groups. Board members invited members approach them privately post-meeting if there were questions or concerns regarding information relayed about Board member relations. The members in

attendance encouraged the Board to make attendance at Board meetings more accessible via video participation.

VII. ADJOURNMENT

MOTION: Don Greenfield moved to adjourn the meeting at 8:30 PM MT. The motion was seconded by Barry Thomas and approved unanimously.

The meeting was adjourned at 8:30 PM (MDT).

East Canyon Resort

Balance Sheet

March 31, 2024

(Summarized Totals for March 31, 2023)

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	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Capital Fund</u>	<u>2024 Total</u>	<u>2023 Total</u>
Assets					
Cash, including interest bearing deposits	\$ 303,012	\$ 1,314,098	\$ -	\$ 1,617,110	\$ 1,554,625
Assessments receivable	428	-	-	428	-
Interest receivable	-	9,726	-	9,726	8,816
Prepaid expenses	124,964	-	-	124,964	132,800
Inventory	18,628	-	-	18,628	10,159
Property and equipment, net	-	-	3,549,057	3,549,057	3,759,395
Interfund borrowing	274,207	(274,207)	-	-	-
Total assets	<u>\$ 721,239</u>	<u>\$ 1,049,617</u>	<u>\$ 3,549,057</u>	<u>\$ 5,319,913</u>	<u>\$ 5,465,795</u>
Liabilities					
Accounts payable	\$ 40,518	\$ -	\$ -	\$ 40,518	\$ 39,664
Accrued expenses	99,109	-	-	99,109	181,278
Prepaid assessments	168,015	-	-	168,015	70,864
Deferred revenue	31,428	-	-	31,428	13,902
Total liabilities	<u>339,070</u>	<u>-</u>	<u>-</u>	<u>339,070</u>	<u>305,708</u>
Stockholders' Equity and Fund Balances (Deficits)					
Common stock, \$100 par value, 7,500 authorized and 1,464 issued and outstanding	146,400	-	-	146,400	146,400
Subscribed stock	24,600	-	-	24,600	24,500
Subscribed stock receivable	(10,959)	-	-	(10,959)	(10,959)
Additional paid-in-capital	4,617,012	66,530	3,984,791	8,668,333	8,663,434
Fund balances (deficits)	<u>(4,394,884)</u>	<u>983,087</u>	<u>(435,734)</u>	<u>(3,847,531)</u>	<u>(3,663,288)</u>
Total stockholders' equity and fund balances (deficits)	<u>382,169</u>	<u>1,049,617</u>	<u>3,549,057</u>	<u>4,980,843</u>	<u>5,160,087</u>
Total liabilities and fund balances	<u>\$ 721,239</u>	<u>\$ 1,049,617</u>	<u>\$ 3,549,057</u>	<u>\$ 5,319,913</u>	<u>\$ 5,465,795</u>

The accompanying notes are an integral part of these financial statements.

East Canyon Resort

Statement of Revenue and Expenses For the Year Ended March 31, 2024 (Summarized Totals for March 31, 2023)

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	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Capital Fund</u>	<u>2024 Total</u>	<u>2023 Total</u>
Revenue					
Maintenance fee assessments	\$ 1,442,442	\$ 181,018	\$ -	\$ 1,623,460	\$ 1,472,827
Membership fees	71,475	-	-	71,475	126,645
Country store revenue	80,537	-	-	80,537	88,840
Interest income	23,261	33,543	-	56,804	51,481
Other revenue (Schedule)	239,319	-	-	239,319	199,924
Total revenue	<u>1,857,034</u>	<u>214,561</u>	<u>-</u>	<u>2,071,595</u>	<u>1,939,717</u>
Expenses					
Bank and credit card fees	33,699	-	-	33,699	25,904
Country store expenses	233,121	-	-	233,121	205,336
Depreciation expense	-	-	210,338	210,338	225,396
Facilities	234,292	-	-	234,292	229,216
General and administrative (Schedule)	334,190	-	-	334,190	312,214
Housekeeping	267,442	-	-	267,442	267,775
Current income taxes	765	-	-	765	9,128
Deferred income taxes	-	-	-	-	6,163
Insurance	178,919	-	-	178,919	152,361
Laundry and linen	12,117	-	-	12,117	10,980
License and permits	13,131	-	-	13,131	28,296
Management fees	62,599	-	-	62,599	61,424
Membership services	48,346	-	-	48,346	53,281
Property taxes	85,262	-	-	85,262	78,536
Professional fees	30,942	-	-	30,942	30,717
Printing and postage	1,848	-	-	1,848	8,148
Repairs and replacements	-	187,136	-	187,136	164,457
Restaurant expense	-	-	-	-	2,347
Special events	46,801	-	-	46,801	62,721
Security	72,579	-	-	72,579	54,367
Vehicle expenses	18,643	-	-	18,643	16,619
Utilities	183,668	-	-	183,668	190,046
Total expenses	<u>1,858,364</u>	<u>187,136</u>	<u>210,338</u>	<u>2,255,838</u>	<u>2,195,432</u>
Excess revenue (expenses)	<u>\$ (1,330)</u>	<u>\$ 27,425</u>	<u>\$ (210,338)</u>	<u>\$ (184,243)</u>	<u>(255,715)</u>

The accompanying notes are an integral part of these financial statements.

East Canyon Resort

Statement of Cash Flows For the Year Ended March 31, 2024 (Summarized Totals for March 31, 2023)

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	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Capital Fund</u>	<u>2024 Total</u>	<u>2023 Total</u>
Cash Flows From Operating Activities					
Excess revenue (expenses)	\$ (1,330)	\$ 27,425	\$ (210,338)	\$ (184,243)	\$ (255,715)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:					
Depreciation expense	-	-	210,338	210,338	225,396
Changes in:					
Assessments receivable	(428)	-	-	(428)	1,273,982
Interest receivable	-	(910)	-	(910)	(6,835)
Inventory	(8,469)	-	-	(8,469)	(1,648)
Prepaid expenses	7,836	-	-	7,836	1,730
Deferred tax asset	-	-	-	-	6,163
Accounts payable	854	-	-	854	(99,769)
Accrued expenses	(82,169)	-	-	(82,169)	124,633
Deferred revenue	17,526	-	-	17,526	(1,565,668)
Prepaid assessments	97,151	-	-	97,151	35,576
Net cash provided (used) by operating activities	<u>30,971</u>	<u>26,515</u>	<u>-</u>	<u>57,486</u>	<u>(262,155)</u>
Cash Flows From Financing Activities					
Net proceeds from issuance of common stock	4,999	-	-	4,999	29,671
Interfund borrowing	(6,119)	6,119	-	-	-
Net cash provided (used) by financing activities	<u>(1,120)</u>	<u>6,119</u>	<u>-</u>	<u>4,999</u>	<u>29,671</u>
Net increase (decrease) in cash	29,851	32,634	-	62,485	(232,484)
Cash, beginning of year	<u>273,161</u>	<u>1,281,464</u>	<u>-</u>	<u>1,554,625</u>	<u>1,787,109</u>
Cash, end of year	<u>\$ 303,012</u>	<u>\$ 1,314,098</u>	<u>\$ -</u>	<u>\$ 1,617,110</u>	<u>\$ 1,554,625</u>

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East Canyon Resort

Statement of Other Operating Revenue and Expenses

For the Year Ended March 31, 2024

(Summarized Totals for March 31, 2023)

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	2024	2023
	Total	Total
Other Revenue		
Billing fees	\$ -	\$ 14,715
Damages and fines	6,117	2,775
Grazing fees	14,000	14,000
Late and final demand fees	32,660	14,489
Laundry	177	353
OHV registration	2,865	3,370
Guest rental	18,500	21,185
Family reunion fees	20,725	19,020
Bonus time	14,560	17,855
Special events	74,852	76,265
Other income	54,863	15,897
Total other revenue.	<u>\$ 239,319</u>	<u>\$ 199,924</u>
General and Administrative		
Wages - admin and accounting	\$ 44,172	\$ 113,366
Audit and tax	14,900	-
Copier and printer	-	3,199
Computer and website	46,632	59,567
Employment expenses	1,832	5,957
Employee relations	8,046	5,825
Officer and director	1,714	5,123
Office miscellaneous	35,331	7,923
Other rental and lease expense	2,319	-
Payroll processing	18,037	-
Payroll taxes and benefits	161,207	111,254
Total general and administrative	<u>\$ 334,190</u>	<u>\$ 312,214</u>

The accompanying notes are an integral part of these financial statements.

East Canyon Resort (ECR)
Biographical Sketches of Nominees for the Board of Trustees
2024 Annual Shareholders Meeting – September 26, 2024 – 7:00 PM MT

Name: Robert Watson (*Incumbent*)
Home: Murray, Utah
Ownership Type: RV & Condo Member ECR 1990
Contact Information: 801-573-9267
Family: Married to Kristine 2 Children 2 Grandchildren
Education: MA Recreation Management – BYU
BS Major: Prelaw Minor: Recreation – University of Albuquerque
Certified Human Resources SPHR & SCP
9th Degree Black Belt Karate – Volunteer Instr. Utah Shorin-Kai
Employment History: Partner – CEO WSI Trash & Recycling Valet
Prior: HR Manager Sinclair Oil Corp.
District Mgr. Gibbens Co. (Employment Law Consultant)

Objective(s): Greetings! I am seeking your vote and continued trust to continue to serve on your Board of our great resort! I currently serve as the Board Chair of the Land & Facilities Use Committee.

Being sensitive to our Member and Resort needs, preserving ECR for us & our children open Honesty and Integrity is always my priority!

During current and prior Board service, a sustainable clean water supply-on-site internet implementation-infrastructure upgrades throughout the resort including Condo and RV areas along with several revenue generation initiatives from outside sources was accomplished. To better serve members, there are several issues still needing resolution: better internet access, developing additional available water source supplies, continuing to make our resort more family and user friendly, secure right of way accesses, while keeping fees and costs contained and member customers service and employee satisfaction at the highest level.

My professional background and experience as prior ECR Board Chair, Board Vice Chair, and current Committee Chair uniquely places me in a position to assist with continued progress in these vital areas.

Name: William (Bill) Thomson (Incumbent)
Home: Ensign Downs, Salt Lake

Objective(s): VISION AND ATTAINING EXCELLENCE

Educated and trained by a successful father and his Business Partners, Associates and Clients included university courses. I was strategically placed in their restaurant, grocery, recreational resort / lodging, ranching, construction and business development interests and investments. It gave me knowledge needed to use “basic” principles these successful business individuals used in their enterprises. *Continued on next page....*

East Canyon Resort (ECR)
Biographical Sketches of Nominees for the Board of Trustees
2024 Annual Shareholders' Meeting – September 26, 2024 – 7:00 PM MT

Bill Thomson continued: As a business owner with over 50 years successfully navigating the national international business interests and holdings, I give credit to my Father and those who patiently guided my training and experiences.

I believe East Canyon's original Master Plan's Vision was to give all us owners the opportunity to invest wisely in a worthwhile experience here. Whether it be to just get out and wonder through the wilderness or sleep under the stars.

I have been actively working with our excellent finance committee to get all the pertinent facts and figures necessary to keep costs down and quality up for us owners. We as a committee (and I as a board member) continue to suggest to the board zero maintenance fee increases with what would be necessary to accomplish that. But never agreeing with any increases over 4% of the previous years numbers.

I continue to encourage the use of proven business practices while working to inform and involve interested owners.

Owners have the right to know what is going on and the board has the responsibility to inform. Call 801-244-8525.

Name: Ash Jenkins
Home: South Jordan, UT
Qualifying Experiences: I served on a previous board 12 years involving – The state of Utah, hundreds of private landowners across the state, wildlife and Conservation.

Objectives: My objective if I get elected to the ECR board is to help bridge the gap between the board and its members by educating and informing the members of how their Resort is being operated and encouraging them to be a part of their Resort runs and operates. We as owners and Board members need to all work together for what is best for the Resort and not just for ourselves.

In order to come together as the ECR community we need communication by email notification of when Board & Committee meetings are and what the agenda is, so we all can comment. And a meeting minutes summary following the meeting to report back what was discussed and accomplished.

Many Resort owners complain about the rules yet don't have the knowledge or involvement of when, why and how they're made. We all have to work together and communicate on all topics and issues like rules, budgets, crowding, upgrades, technology, conservation, wildlife, hunting, and habitat.
Continued on next page...

East Canyon Resort (ECR)
Biographical Sketches of Nominees for the Board of Trustees
2024 Annual Shareholders' Meeting – September 26, 2024 – 7:00 PM MT

Ash Jenkins continued: I would like to bring all owners together to improve the resort and help us as its current owners enjoy all that it has to offer. Then we can work on the issues, task and Goals with the desire of what is best for ECR and all of its owners in transparency.

Name: Tiffany Keim
Home: Sandy, UT
Qualifying Experiences: Current Board member at Jordan Credit Union – 2022-current
Supervisory Committee at Jordan Credit Union – 2022-current
Founded and own Teriyaki Grill. 10 locations. 27 years strong.
Bachelors in Criminology from the University of Utah: '91
Minor in Spanish. Fluent in Spanish.
Graduate from Institute of Healing Arts – Lindon, UT 2017
Honorary Colonel with Sandy Police
Humanitarian Work:
Church mission to Puerto Rico: '89-'90
NFL Wives Organization (husband was an NFL player) helping local charities:1992-1997
Ukrainian Orphanages: 2014-current
Salt Lake City Detention Center for Juveniles: 2022-2024
Ward Foundation: Helping with refuges here in Salt Lake : 2024
Hobbies: Horse riding (was a trail guide at 15 at East Canyon), hiking, water sports, reading tennis, and of course pickleball.
Studying Russian.
Married and mother of 4 amazing souls.
Long time owner at East Canyon. Helped lay some of the sod in front of the lodge along with being a trail guide.
Beautiful memories at East Canyon.

Name: John R. Milano
Objectives: I would first like to introduce myself which should help explain why I am running for the ECR Board. I became an owner of East Canyon Resort before there was a lodge and a single room cabin sat in a meadow where the A frame now sits. As an early owner I have been part of the resorts entire past and I was a board member for nine years. I was instrumental in building the maintenance shop, the tennis court pavilion, existing laundry facility, the last expansion of the RV park and installing the ten thousand gallon underground propane tank saving the resort \$40,000 in the first four years “initial cost” with similar savings every year thereafter. I intend to pass my ownership to my children and would like to see the resort continue to exist as the semi-pristine wilderness that we all enjoy. There are a number of projects that may help the resort continue as a largely natural area without the continual increase in maintenance fees, or embracing the increasing development pressure without adversely impacting our resort. *Continued on next page....*

East Canyon Resort (ECR)
Biographical Sketches of Nominees for the Board of Trustees
2024 Annual Shareholders' Meeting – September 26, 2024 – 7:00 PM MT

John R. Milano continued: Since ECR is primarily a local owner used resort it's essential that the desires and input of those owners be understood and addressed. I respectfully ask for your vote. You may contact me with any questions regarding me or the resort that I may be able to answer. Thank you! JRMilano@comcast.net
801-209-7266

Name: Wade Ross
Home: Morgan, Utah 801-663-6882
Objectives: Hi all, I am Wade Ross a father of 5 with 1 grandson and 1 on the way, married to my amazing wife Josie. We love the outdoors camping, hunting, and fishing and riding ATV. I run a power production plant in which I have eight employees I manage and a \$3.5 MM budget each year. I managed all BOP operations from the toilet paper to roads to big projects and bringing in contractors. I have been a member since 2012 and for the last several years I have served on the Wilderness committee which was combined with the outdoor committee. We spend most of our time in the Wilderness campground and on the ATV, trails enjoying all the amazing property we have. I have genuinely enjoyed serving on the committee and since the end of last year I have started attending board meetings. I am running for the board because I believe I can be a benefit to the resort. Our best asset is our wilderness, the 10k acres we must enjoy, and I want to be a voice for that. Our wilderness campgrounds need a voice of someone who uses them throughout the year. I will also drive to reach for more members to come to the workdays, whether that is more communication or incentive. The workdays are an opportunity to improve the resort and for members to meet. Thank you, Wade Ross.
