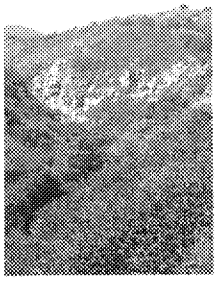
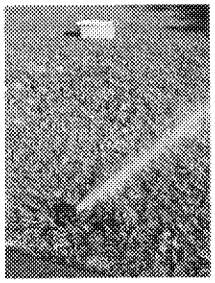
Southwest Resource Management Association

October 15, 2014



Tracey Brownfield
Land Veritas
1505 Bridgeway #209
Sausalito, CA 94965



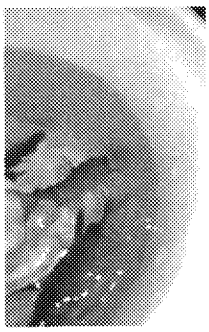
Dear Mrs. Brownfield:

The following information is being submitted in response to your request relating to financial assumptions used by Southwest Resource Management Association (SRMA) in management of funds under our control.

We work directly with Stifel, Nicolaus & Company through their Redlands, CA office. Our contact person is Robert Heinze, CFP, Senior Vice President/Investments. Mr. Heinze is also the Branch Manager. Funds under our control are deposited to accounts at this institution and are insured. Stifel Financial Corp, the holding company for Stifel, Nicolaus & Company, has a Tier-one capital ratio which is 27%. This is six times the required level. Stifel, Nicolaus & Company has a net capital ratio of 59% which is 28 times the required level.

Securities purchased with funds on deposit are invested in various American Funds at the current time. As an example, the income Fund of America A has experienced an annual return of 11.75% over the 41 years from November 30, 1973 to March 31, 2014.

Our Board of Directors is presented with the financial data for their review, comments and questions at each Board meeting. Within our ever changing environment, we incorporate the opinions and analysis of reputable experts. We would anticipate a spending rate of 4% which will require that we realize an average rate of return on investments each year of at least 8.2% (4% spending rate, 3.2% inflation and 0.58 internal operating fees). By investing net earnings realized in excess of *.42% back into the stewardship funds, we will be able to grow each fund providing additional earnings potential and the ability to stay ahead of unexpected inflationary pressures or other unforeseen challenges – local, national or could even be effects related to world events.



Sincerely,

ROY TAKENO
Chair

SRMA - 4500 Glenwood Dr. Bldg. A, Riverside, CA. 92501 - 951-300-2844