

Santa Rosa Golf & Beach Club

Executive Summary

Unaudited Financial Results – YTD 7-31-2018

Date Prepared: 8/17/2018

Summary

- YTD Total Revenue was \$2,393,658 which is \$80,436 less than Budgeted and \$28 less than the Prior Year.
- YTD Golf Revenue was \$1,173,134 which is \$7,638 more than Budgeted and \$55,221 more than the Prior Year.
- YTD Vue Revenue was \$1,220,524 which is \$88,074 less than Budgeted and \$55,249 less than the Prior Year.
- YTD Total Gross Profit was \$1,946,291 which is \$116,390 less than Budgeted and \$53,108 less than the Prior Year.
- YTD Total Payroll was \$787,343 which is \$6,585 more than budgeted and \$20,012 less than the Prior Year.
- YTD Total Operating Expenses were \$696,096 which is \$31,708 less than budgeted but \$26,441 more than the Prior Year.
- July EBITDA was \$203,573 which is \$35,776 less than budgeted and \$44,578 less than the Prior Year's July's EBITDA.
- YTD EBITDA was \$462,852 which is \$91,267 less than budgeted and \$99,561 less than the Prior Year.
- Net Income (after Depreciation, Amortization and Interest Expense) was \$368,015 which is \$72,704 less than Budgeted and \$70,458 less than Prior Year.
- Cash Balance at 7/31/18 was \$1,183,202 (including a Cash Reserve of \$500,000) compared to a Cash Balance at 7/31/17 of \$1,493,616.
- Loan Balances at 7/31/18 were \$359,617 compared to balances of \$705,069 at 7/31/17. A decrease of \$345,452. Year to Date Interest expense was \$6,927 less than last year.
- Current Liabilities are \$329,981 less than last year. Total Liabilities are \$675,433 less than last year.
- Current Ratio (Current Assets/Current Liabilities) is 234% vs. 185% last year.
- Current Ratio without considering Deferred Revenue is 418% vs. 233% last year.
- Debt to Equity Ratio is 8% vs. 17% last year

- Gross Profit % is 81% vs. 84% last year.
- EBITDA to Total Revenue is 19% vs. 23% last year

Key Ratios

	<u>YTD Actual</u>	<u>Budgeted</u>	<u>Prior Yr</u>
• Quick	202%		166%
• Current	234%		185%
• Current Ratio (w/o Deferred Revenue)	418%		233%
• Debt to Equity	8%		17%
• Debt to Asset	6%		12%
• Gross Profit	81%	83%	84%
• Payroll to Revenue	33%	32%	32%
• Oper. Expenses to Revenue	29%	29%	28%
• EBITDA to Revenue	19%	22%	23%

Total Revenue is tracking less \$28 less Prior Year. This due to the following factors:

1. Golf Revenue was higher than prior year by \$55,221, and Vue Revenue was down from prior year by \$55,249. In other words, the increase in Golf Revenue offset the decline in Vue Revenue. This is the opposite of last year when Golf Revenue was off. However, Cost of Sales, Payroll and Operating Expenses were higher than last year, causing overall EBITDA to be down from prior year.
2. There is still a decrease in the number of Private Events compared to last year. This gap is narrowing as more events are being booked by Becca for late summer and fall.
3. The Vue was closed several days in April and May for remodeling.
4. There are several restaurants that opened in the area, causing increased competition.
5. Again, the weather has been very unpredictable with a higher number of rain forecasts than usual.

Total Gross Profit and EBITDA are both tracking lower than Prior Year due to the following factors:

1. The decrease in Private Events from last year has a material effect on both Gross Profit and ultimately EBITDA.
2. Food costs are slightly higher than last year due to lower volume levels.
3. Both Payroll and Operating Expenses in both Golf and Vue are slightly higher than the prior year.

The good news is that our overall liability levels (Current Liabilities, Long Term Debt and Total Liabilities) are down from the prior year. Our cash balance remained the same from the beginning of the year while the Total Liabilities decreased by \$388,077 during the year.

However, since the club is not a for profit enterprise and the mission of the club is to provide a good experience for the members, at the end of the day, it is member satisfaction that really counts. I believe that some of the increase in expenses is because Club Management wants to increase the member satisfaction aspect of the club.

The Audit has been completed and a clean opinion was given. Audit adjustments were minimal. Katie Sidrony, the auditor, reviewed the Audit with the FC. Chad Branson reviewed the IT memo, that I presented to the board at the last meeting with the FC. The internal accounting staff (Allison and Savannah) did an excellent job in providing the needed information to complete the audit. A copy of the audit is included in the board packet.

The Finance Committee and Mike had a very constructive discussion about the factors that contribute to the lower amount of Revenue generated at the Vue this year vs. last year. Although it is not the job of the Finance Committee to micro manage the operations, good suggestions were presented and accepted by Mike and hopefully, this trend will not continue.

We discussed our Current Long-Term Debt balance of \$359,617. The goal for this year is to get this balance down to \$200,000 and pay off the remaining balance in the next fiscal year. So far this year, the loan balance has decreased by \$40,382.

The Finance Committee is continuing to have discussions with the Planning Committee on the Five-Year Improvement Plan. Dave Kettel attended the FC meeting on Thursday. Since final cost estimates on the Greens, Fairway, Cart Paths and Agronomy Center are not available, no decision by the Finance Committee as to the feasibility and affordability of these projects can be made at this time.

I would like to thank all the Non-Finance Committee Board Members (Bob, Mike, David and Edith) for attending the Finance Committee meeting on Thursday. Their input was very helpful. It was very nice to see most of our board members at the FC meeting.

Thank you.

Santa Rosa Golf and Beach Club
Summary Financial Report-Unaudited

As of July 31, 2018

Date prepared 8/17/2018

	YTD Budget as of		YTD 7/31/2017	Variance	% Inc	Variance	% Inc
	YTD 7/31/2018	7/31/2018		Actual vs. Budget	over budget	2018 vs. 2017	over 2017

Balance Sheet Comparison

	YTD 7/31/2018	7/31/2018	YTD 7/31/2017	Variance	% Inc	Variance	% Inc
Operating Cash in Bank	\$ 683,202		\$ 1,493,616	\$ (810,414)	-54.26%		
Cash Reserve Fund	\$ 500,000		\$ -	\$ 500,000	100.00%		
Cash & Accounts Receivable	\$ 1,485,532		\$ 1,766,321	\$ (280,789)	-15.90%		
Current Assets	\$ 1,724,417		\$ 1,977,666	\$ (253,249)	-12.81%		
Total Assets	\$ 5,770,813		\$ 5,816,751	\$ (45,938)	-0.79%		
Payables and Accrued Payroll	\$ 310,420		\$ 685,370	\$ (374,950)	-54.71%		
Deferred Revenue	\$ 426,290		\$ 381,321	\$ 44,969	11.79%		
Current Liabilities	\$ 736,710		\$ 1,066,691	\$ (329,981)	-30.94%		
Loan and Equipment Balances	\$ 359,617		\$ 705,069	\$ (345,452)	-49.00%		
Total Liabilities	\$ 1,096,327		\$ 1,771,760	\$ (675,433)	-38.12%		
Total Equity	\$ 4,674,485		\$ 4,044,991	\$ 629,494	15.56%		

Income Statement Comparison

	YTD 7/31/2018	7/31/2018	YTD 7/31/2017	Variance	% Inc	Variance	% Inc
Total Revenue	\$ 2,393,658	\$ 2,474,094	\$ 2,393,685	\$ (80,436)	-3.25%	\$ (28)	0.00%
Cost of Sales	\$ 447,367	\$ 411,413	\$ 394,287	\$ 35,954	8.74%	\$ 53,080	13.46%
Gross Profit	\$ 1,946,291	\$ 2,062,681	\$ 1,999,399	\$ (116,390)	-5.64%	\$ (53,108)	-2.66%
Payroll	\$ 787,343	\$ 780,758	\$ 767,331	\$ 6,585	0.84%	\$ 20,012	2.61%
Operating Expenses	\$ 696,096	\$ 727,804	\$ 669,655	\$ (31,708)	-4.36%	\$ 26,441	3.95%
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 462,852	\$ 554,119	\$ 562,412	\$ (91,267)	-16.47%	\$ (99,561)	-17.70%
Interest Expense	\$ 3,560	\$ 14,000	\$ 10,487	\$ (10,440)	-74.57%	\$ (6,927)	-66.06%
Depreciation and Amortization	\$ 91,276	\$ 99,400	\$ 113,452	\$ (8,124)	-8.17%	\$ (22,176)	-19.55%
Net Income	\$ 368,015	\$ 440,719	\$ 438,473	\$ (72,704)	-16.50%	\$ (70,458)	-16.07%
Less YTD Principal Payments Made	\$ 40,383	\$ 40,383	\$ 239,105	\$ -	0.00%	\$ (198,722)	-83.11%
Cashflow after Debt Payments	\$ 236,356	\$ 300,936	\$ 85,916	\$ (64,580)	-21.46%	\$ 150,441	175.10%

Key Operating Ratios

Quick Ratio	202%		166%
Current Ratio	234%		185%
Current Ratio w/o Deferred Revenue	418%		233%
Debt to Equity	8%		17%
Debt to Asset	6%		12%
Gross Profit %	81%	83%	84%
Payroll to Revenue	33%	32%	32%
Operating Expense to Revenue	29%	29%	28%
EBITDA to Revenue	19%	22%	23%

Santa Rosa Golf and Beach Club
Year to Date Summary Financial Report by Cost Center

As of July 31, 2018
 Date prepared 8/17/2018

	<u>Golf Actual</u>	<u>Golf Budget</u>	<u>Difference</u>	<u>Vue Actual</u>	<u>Vue Budget</u>	<u>Difference</u>	<u>Total Actual</u>	<u>Total Budget</u>	<u>Difference</u>
Income Statement Comparison									
Total Revenue (Inc Dues Allocation)	\$ 1,173,134	\$ 1,165,496	\$ 7,638	\$ 1,220,524	\$ 1,308,598	\$ (88,074)	\$ 2,393,658	\$ 2,474,094	\$ (80,436)
Cost of Sales	\$ 117,020	\$ 90,282	\$ 26,738	\$ 330,347	\$ 321,131	\$ 9,216	\$ 447,367	\$ 411,413	\$ 35,954
Gross Profit	\$ 1,056,114	\$ 1,075,214	\$ (19,100)	\$ 890,177	\$ 987,467	\$ (97,290)	\$ 1,946,291	\$ 2,062,681	\$ (116,390)
Payroll	\$ 369,082	\$ 367,302	\$ 1,780	\$ 418,261	\$ 413,456	\$ 4,805	\$ 787,343	\$ 780,758	\$ 6,585
Operating Expenses	\$ 448,148	\$ 456,971	\$ (8,823)	\$ 247,948	\$ 270,833	\$ (22,885)	\$ 696,096	\$ 727,804	\$ (31,708)
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 238,884	\$ 250,941	\$ (12,057)	\$ 223,968	\$ 303,178	\$ (79,210)	\$ 462,851	\$ 554,119	\$ (91,268)

Key Ratios

Gross Profit %	90%	92%	73%	75%	81%	83%
Payroll to Revenue	31%	32%	34%	32%	33%	32%
Operating Expense to Revenue	38%	39%	20%	21%	29%	29%
EBITDA to Revenue	20%	22%	18%	23%	19%	22%

Santa Rosa Golf and Beach Club

Year to Date Summary Financial Report by Cost Center to Prior Year

As of July 31, 2018

Date prepared 8/17/2018

	Golf Actual	Golf Prior Year	Difference	Vue Actual	Vue Prior Year	Difference	Total Actual	Total Prior Year	Difference
Income Statement Comparison									
Total Revenue (inc Dues Allocation)	\$ 1,173,134	\$ 1,117,913	\$ 55,221	\$ 1,220,524	\$ 1,275,772	\$ (55,249)	\$ 2,393,658	\$ 2,393,685	\$ (28)
Cost of Sales	\$ 117,020	\$ 78,287	\$ 38,733	\$ 330,347	\$ 316,000	\$ 14,347	\$ 447,367	\$ 394,287	\$ 53,080
Gross Profit	\$ 1,056,114	\$ 1,039,626	\$ 16,488	\$ 890,177	\$ 959,773	\$ (69,596)	\$ 1,946,291	\$ 1,999,399	\$ (53,108)
Payroll	\$ 369,082	\$ 355,991	\$ 13,091	\$ 418,261	\$ 411,340	\$ 6,921	\$ 787,343	\$ 767,331	\$ 20,012
Operating Expenses	\$ 448,148	\$ 426,056	\$ 22,092	\$ 247,948	\$ 243,599	\$ 4,349	\$ 696,096	\$ 669,655	\$ 26,441
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 238,884	\$ 257,579	\$ (18,695)	\$ 223,968	\$ 304,833	\$ (80,866)	\$ 462,851	\$ 562,412	\$ (99,561)

Key Ratios

Gross Profit %	90%	93%		73%	75%		81%	84%
Payroll to Revenue	31%	32%		34%	32%		33%	32%
Operating Expense to Revenue	38%	38%		20%	19%		29%	28%
EBITDA to Revenue	20%	23%		18%	24%		19%	23%

Santa Rosa Golf & Beach Club, Inc.

Comparative Balance Sheet As Of 7/31/2018

	As of Date 3/31/2018	As of Date 7/31/2018	\$ Variance	% Variance
ASSETS				
Current Assets				
Cash				
Petty Cash	2,500	2,500	0	0.0%
Petty Cash Checking	5,265	5,265	0	0.0%
Capital Reserve Fund	1,000	1,000	0	0.0%
Regions Checking/Money Market Sweep	664,118	668,597	(4,480)	0.0%
Cash Clearing	0	1,184	(1,184)	0.0%
Regions Reserve	500,000	500,000	0	0.0%
Progress Checking	0	1,000	(1,000)	0.0%
Trustmark Giving Fund	3,655	3,656	(1)	0.0%
Total Cash	1,176,538	1,183,202	(6,665)	0.0%
Receivable				
Accounts receivable - Membership	307,843	316,629	(8,786)	3.0%
Accounts receivable - Events	8,023	0	8,023	126.0%
Accounts receivable - Other	0	0	0	-98.0%
Accounts receivable - Employees	0	41	(41)	0.0%
Allowance for Bad Debt	(6,871)	(6,871)	0	-8.0%
Total Receivable	308,995	309,798	(804)	-57.0%
Inventory				
Golf Inventory	62,680	53,807	8,873	46.0%
Mulligans Inventory	3,787	5,105	(1,318)	23.0%
Mulligans Inventory - Liquor	2,875	2,810	64	48.0%
Mulligans Inventory - Wine	72	102	(30)	-46.0%
Mulligans Inventory - Beer	1,563	1,664	(102)	-20.0%
Vue Inventory- Food	21,463	19,593	1,869	11.0%
Vue Inventory - Liquor	10,227	13,235	(3,008)	16.0%
Vue Inventory - Wine	17,495	15,355	2,140	-6.0%
Vue Inventory - Beer	1,507	2,398	(891)	13.0%
Golf Maintenance Supplies Inventory	0	0	0	-100.0%
Total Inventory	121,669	114,070	7,598	-28.0%
Prepaid Expenses				
Prepaid expenses and other	41,293	29,493	11,800	17.0%
Prepaid insurance	92,335	87,853	4,482	-27.0%
Total Prepaid Expenses	133,628	117,346	16,282	-16.0%
Total Current Assets	1,740,829	1,724,417	16,412	
Property and Equipment				
Land	513,845	513,845	0	0.0%
Buildings	751,574	751,574	0	0.0%
Improvements	4,727,896	4,834,528	(106,631)	9.0%
Equipment	1,560,896	1,566,892	(5,995)	1.0%
Furniture and fixtures	148,514	148,514	0	0.0%
Irrigation	1,320,527	1,320,527	0	0.0%
Construction In Progress	22,750	22,750	0	0.0%
Accumulated depreciation	(5,027,320)	(5,117,320)	90,000	7.0%
Total Property and Equipment	4,018,682	4,041,308	(22,627)	2.0%
Other Assets				
Deposits	7,474	7,474	0	0.0%
Loan Closing Costs	19,342	19,342	0	0.0%
Amortization	(20,452)	(21,729)	1,276	25.0%
Total Other Assets	6,364	5,087	1,276	-41.0%
TOTAL ASSETS	5,765,874	5,770,813	(4,939)	

Santa Rosa Golf & Beach Club, Inc.

Comparative Balance Sheet As Of 7/31/2018

	As of Date 3/31/2018	As of Date 7/31/2018	\$ Variance	% Variance
LIABILITIES				
Current Liabilities				
Payables				
Accounts payable	94,650	106,632	(11,982)	-40.0%
Accrued Wages	86,999	37,118	49,881	33.0%
Accrued Performance Bonuses	118,174	76,174	42,000	19.0%
Total Payables	299,822	219,923	79,899	-19.0%
Taxes Payable and Accrued				
Property tax payable	0	23,676	(23,676)	0.0%
Sales tax payable	32,807	40,395	(7,588)	13.0%
Federal and State Taxes Payable	0	(90,000)	90,000	0.0%
Total Taxes Payable and Accrued	32,807	(25,929)	58,736	0
Accrued Expenses				
Accrued PTO	27,892	27,892	0	0.0%
Accrued Expenses	3,444	22,901	(19,457)	-94.0%
Accrued Property Tax	13,993	13,993	0	-13.0%
Total Accrued Expenses	45,328	64,785	(19,457)	-62.0%
Note Payable - current portion				
N/P - Regions Construction	29,380	29,380	0	0.0%
N/P - Regions Irrigation	(0)	(0)	0	-100.0%
N/P - Regions Equipment	8,136	8,136	0	0.0%
Total Note Payable - current portion	37,516	37,516	0	-24.0%
Deferred Revenue				
Prepaid membership dues	540,422	335,439	204,983	-17.0%
Event Deposits	116,958	90,850	26,108	-16.0%
Total Deferred Revenue	657,380	426,290	231,090	-17.0%
Other Current Liabilities				
Employee bonus fund	0	25	(25)	-100.0%
Gift card payable	22,542	24,487	(1,944)	11.0%
Credit Books	26,199	10,621	15,578	-34.0%
Prepaid Signature Gold	(100)	(100)	0	0.0%
Due to beach service	0	695	(695)	-90.0%
Gratuities payable	425	15,913	(15,488)	23.0%
Total Other Current Liabilities	49,067	51,641	(2,575)	-3.0%
Total Current Liabilities	1,121,920	774,226	347,694	-20.0%
Long Term Debt				
N/P - Regions Construction	370,620	330,238	40,383	-44.0%
N/P - Regions Irrigation	0	0	0	-100.0%
N/P - Regions Equipment	(8,136)	(8,136)	0	-113.0%
Total Long Term Debt	362,484	322,101	40,383	-61.0%
TOTAL LIABILITIES	1,484,404	1,096,327	388,077	-36.0%
EQUITY				
Equity memberships	2,844,893	2,856,393	(11,500)	0.0%
Paid In Capital	100,600	114,100	(13,500)	28.0%
Retained earnings	643,160	1,335,977	(692,817)	-539.0%
Current Year Profit/(Loss)	692,817	368,015	324,802	-95.0%
TOTAL EQUITY	4,281,470	4,674,485	(393,015)	22.0%
TOTAL LIABILITIES & EQUITY	5,765,874	5,770,812	(4,938)	-1.0%

Santa Rosa Golf and Beach Club
Statement of Cash Flows Forecast
FYE 3/31/19

	<u>YTD Total</u>
Cash flows from operating activities	
Net income (loss)	\$ 368,015
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation & amortization	\$ 91,276
Changes in operating assets and liabilities:	
(Increase) decrease in	
Receivables	\$ (804)
Inventories	\$ 7,600
Prepaid expenses	\$ 16,281
Increase (decrease) in	
Accounts payable	\$ 11,983
Accrued liabilities	\$ (128,586)
Deferred revenues (event deposits)	<u>\$ (231,091)</u>
Net cash provided by (used in) operating activities	<u>\$ 134,674</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>\$ (112,628)</u>
Net cash provided by (used in) investing activities	<u>\$ (112,628)</u>
Cash flows from financing activities	
Proceeds from long-term debt	\$ -
Payments on long-term debt	\$ (40,382)
Issuance of equity memberships	\$ 19,750
Equity membership payouts	<u>\$ 5,250</u>
Net cash provided by (used in) financing activities	<u>\$ (15,382)</u>
Net change in cash	\$ 6,664
Cash at beginning of period	<u>\$ 1,176,538</u>
Cash at end of period	<u><u>\$ 1,183,202</u></u>