

Santa Rosa Golf & Beach Club

Executive Summary

Unaudited Financial Results – YTD 8-31-2018

Date Prepared: 9/14/2018

Summary

- YTD Total Revenue was \$2,857,481 which is \$99,238 less than Budgeted but \$4,034 more than the Prior Year.
- YTD Golf Revenue was \$1,406,047 which is \$13,398 more than Budgeted and \$66,292 more than the Prior Year.
- YTD Vue Revenue was \$1,451,434 which is \$112,637 less than Budgeted and \$62,258 less than the Prior Year.
- YTD Total Gross Profit was \$2,313,314 which is \$149,944 less than Budgeted and \$60,135 less than the Prior Year.
- YTD Total Payroll was \$988,185 which is \$15,314 more than budgeted and \$35,509 more than the Prior Year.
- YTD Total Operating Expenses were \$850,129 which is \$19,277 less than budgeted but \$37,489 more than the Prior Year.
- August EBITDA was \$11,204 which is \$51,758 less than budgeted and \$34,516 less than the Prior Year's August's EBITDA.
- YTD EBITDA was \$475,000 which is \$145,981 less than budgeted and \$133,133 less than the Prior Year.
- Net Income (after Depreciation, Amortization and Interest Expense) was \$356,114 which is \$123,117 less than Budgeted and \$97,320 less than Prior Year.
- Cash Balance at 8/31/18 was \$1,141,167 (including a Cash Reserve of \$509,953) compared to a Cash Balance at 8/31/17 of \$1,373,942.
- Loan Balances at 8/31/18 were \$349,341 compared to balances of \$695,958 at 8/31/17. A decrease of \$346,617. Year to Date Interest expense was \$8,093 less than last year.
- Current Liabilities are \$48,146 more than last year. Total Liabilities are \$298,471 less than last year.
- Current Ratio (Current Assets/Current Liabilities) is 175% vs. 196% last year.
- Current Ratio without considering Deferred Revenue is 233% vs. 254% last year.
- Debt to Equity Ratio is 8% vs. 17% last year

- Gross Profit % is 81% vs. 83% last year.
- EBITDA to Total Revenue is 17% vs. 21% last year

Key Ratios

	<u>YTD Actual</u>	<u>Budgeted</u>	<u>Prior Yr</u>
• Quick	146%		175%
• Current	175%		196%
• Current Ratio (w/o Deferred Revenue)	233%		254%
• Debt to Equity	8%		17%
• Debt to Asset	6%		12%
• Gross Profit	81%	83%	83%
• Payroll to Revenue	35%	33%	33%
• Oper. Expenses to Revenue	30%	29%	28%
• EBITDA to Revenue	17%	21%	21%

Total Revenue is tracking less \$4,034 more Prior Year, but \$99,238 less than budget. This due to the following factors:

1. Golf Revenue was higher than prior year by \$66,292, and Vue Revenue was down from prior year by \$62,258. 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 will narrow as Becca booked many events for the fall wedding season.
3. The Vue was closed several days in April and May for remodeling and for 4 days in August due to electrical issues. An Insurance claim for the lost revenue has been filed with our insurance carrier for this occurrence.
4. There are several new restaurants that opened in the area, causing increased competition as the tourists try out these new venues. This is common in vacation areas during the tourist season. As these restaurants shake out, the tourists will go back to established venues.

5. The weather has still been very unpredictable with a higher number of rain forecasts than usual. The news stations are in Panama City and trying to predict rain for a wide area. However, August was a very rainy month compared to prior Augusts.

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

1. The decrease in Year to date Private Events from last year has a material effect on both Gross Profit and ultimately EBITDA.
2. Food Costs, Payroll Expense and Operating Expenses in both Golf and Vue are higher than last year. These expenses are based on Budgeted Revenues and hard to adjust during the period.
3. The Board had authorized additional expenses for course maintenance and Vue outside maintenance that were not budgeted.

The good news is that our financial ratios remain strong. We paid down \$50,659 in Long Term Debt. 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. Total Liabilities decreased by \$454,747 during the year.

Effie Hannis at CRI is finishing up the club tax return. I am expecting a draft shortly. We are on extension, so there is no danger of a late filing.

The Finance Committee is continuing to have discussions with the Planning Committee on the Long Term 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 August 31, 2018

Date prepared 9/12/2018

	YTD Budget as of		YTD 8/31/2017	Variance Actual vs. Budget	% Inc. over budget	Variance 2018 vs. 2017	% Inc. over 2017
	YTD 8/31/2018	8/31/2018					

Balance Sheet Comparison

Operating Cash in Bank	\$ 631,214		\$ 1,373,942			\$ (742,728)	-54.06%
Cash Reserve Fund	\$ 509,953		\$ -			\$ 509,953	100.00%
Cash & Accounts Receivable	\$ 1,403,532		\$ 1,604,835			\$ (201,303)	-12.54%
Current Assets	\$ 1,692,261		\$ 1,798,149			\$ (105,888)	-5.89%
Total Assets	\$ 5,765,864		\$ 5,663,822			\$ 102,042	1.80%
Payables and Accrued Payroll	\$ 547,610		\$ 572,648			\$ (25,038)	-4.37%
Deferred Revenue	\$ 416,976		\$ 343,792			\$ 73,184	21.29%
Current Liabilities	\$ 964,586		\$ 916,440			\$ 48,146	5.25%
Loan and Equipment Balances	\$ 349,341		\$ 695,958			\$ (346,617)	-49.80%
Total Liabilities	\$ 1,313,927		\$ 1,612,398			\$ (298,471)	-18.51%
Total Equity	\$ 4,451,937		\$ 4,051,424			\$ 400,513	9.89%

Income Statement Comparison

Total Revenue	\$ 2,857,481	\$ 2,956,719	\$ 2,853,447	\$ (99,238)	-3.36%	\$ 4,034	0.14%
Cost of Sales	\$ 544,167	\$ 493,461	\$ 479,998	\$ 50,706	10.28%	\$ 64,169	13.37%
Gross Profit	\$ 2,313,314	\$ 2,463,258	\$ 2,373,449	\$ (149,944)	-6.09%	\$ (60,135)	-2.53%
Payroll	\$ 988,185	\$ 972,871	\$ 952,676	\$ 15,314	1.57%	\$ 35,509	3.73%
Operating Expenses	\$ 850,129	\$ 869,406	\$ 812,641	\$ (19,277)	-2.22%	\$ 37,489	4.61%
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 475,000	\$ 620,981	\$ 608,133	\$ (145,981)	-23.51%	\$ (133,133)	-21.89%
Interest Expense	\$ 4,790	\$ 17,500	\$ 12,883	\$ (12,710)	-72.63%	\$ (8,093)	-62.82%
Depreciation and Amortization	\$ 114,096	\$ 124,250	\$ 141,816	\$ (10,155)	-8.17%	\$ (27,720)	-19.55%
Net Income	\$ 356,114	\$ 479,231	\$ 453,435	\$ (123,117)	-25.69%	\$ (97,320)	-21.46%
Less YTD Principal Payments Made	\$ 50,659	\$ 50,659	\$ 239,105	\$ -	0.00%	\$ (188,446)	-78.81%
Cashflow after Debt Payments	\$ 191,360	\$ 304,322	\$ 72,514	\$ (112,962)	-37.12%	\$ 118,846	163.89%

Key Operating Ratios

Quick Ratio	146%		175%
Current Ratio	175%		196%
Current Ratio w/o Deferred Revenue	233%		254%
Debt to Equity	8%		17%
Debt to Asset	6%		12%
Gross Profit %	81%	83%	83%
Payroll to Revenue	35%	33%	33%
Operating Expense to Revenue	30%	29%	28%
EBITDA to Revenue	17%	21%	21%

Santa Rosa Golf and Beach Club

Year to Date Summary Financial Report by Cost Center to Budget

As of July 31, 2018

Date prepared 9/12/2018

	<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)	\$ 1,406,047	\$ 1,392,649	\$ 13,398	\$ 1,451,434	\$ 1,564,070	\$ (112,637)	\$ 2,857,481	\$ 2,956,719	\$ (99,238)
Cost of Sales	\$ 138,861	\$ 106,022	\$ 32,839	\$ 405,306	\$ 387,439	\$ 17,867	\$ 544,167	\$ 493,461	\$ 50,706
Gross Profit	\$ 1,267,186	\$ 1,286,627	\$ (19,440)	\$ 1,046,128	\$ 1,176,631	\$ (130,503)	\$ 2,313,314	\$ 2,463,258	\$ (149,944)
Payroll	\$ 466,917	\$ 457,814	\$ 9,103	\$ 521,268	\$ 515,057	\$ 6,211	\$ 988,185	\$ 972,871	\$ 15,314
Operating Expenses	\$ 535,286	\$ 535,876	\$ (590)	\$ 314,844	\$ 333,530	\$ (18,686)	\$ 850,129	\$ 869,406	\$ (19,277)
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 264,983	\$ 292,937	\$ (27,954)	\$ 210,016	\$ 328,044	\$ (118,028)	\$ 475,000	\$ 620,981	\$ (145,981)

Key Ratios

Gross Profit %	90%	92%	72%	75%	81%	83%
Payroll to Revenue	33%	33%	36%	33%	35%	33%
Operating Expense to Revenue	38%	38%	22%	21%	30%	29%
EBITDA to Revenue	19%	21%	14%	21%	17%	21%

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 9/12/2018

	Golf			Vue			Total		
	Actual	Prior Year	Difference	Actual	Prior Year	Difference	Actual	Prior Year	Difference
Income Statement Comparison									
Total Revenue (inc Dues Allocation)	\$ 1,406,047	\$ 1,339,755	\$ 66,292	\$ 1,451,434	\$ 1,513,692	\$ (62,258)	\$ 2,857,481	\$ 2,853,447	\$ 4,034
Cost of Sales	\$ 138,861	\$ 95,564	\$ 43,297	\$ 405,306	\$ 384,434	\$ 20,872	\$ 544,167	\$ 479,998	\$ 64,169
Gross Profit	\$ 1,267,186	\$ 1,244,191	\$ 22,995	\$ 1,046,128	\$ 1,129,258	\$ (83,130)	\$ 2,313,314	\$ 2,373,449	\$ (60,135)
Payroll	\$ 466,917	\$ 447,041	\$ 19,876	\$ 521,268	\$ 505,635	\$ 15,633	\$ 988,185	\$ 952,676	\$ 35,509
Operating Expenses	\$ 535,286	\$ 508,831	\$ 26,454	\$ 314,844	\$ 303,809	\$ 11,034	\$ 850,129	\$ 812,641	\$ 37,489
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 264,983	\$ 288,319	\$ (23,336)	\$ 210,016	\$ 319,814	\$ (109,797)	\$ 475,000	\$ 608,133	\$ (133,133)

Key Ratios

Gross Profit %	90%	93%	72%	75%	81%	83%
Payroll to Revenue	33%	33%	36%	33%	35%	33%
Operating Expense to Revenue	38%	38%	22%	20%	30%	28%
EBITDA to Revenue	19%	22%	14%	21%	17%	21%

Santa Rosa Golf & Beach Club, Inc.
Comparative Balance Sheet
As Of 8/31/2018

	As of Date 3/31/2018	As of Date 8/31/2018	\$ Variance	% Variance
ASSETS				
Current Assets				
Cash				
Petty Cash	2,500	2,500	0	0.0%
Petty Cash Checking	5,265	10,265	(5,000)	0.0%
Capital Reserve Fund	1,000	1,000	0	0.0%
Regions Checking/Money Market Sweep	664,118	597,241	66,877	0.0%
Cash Clearing	0	3,310	(3,310)	0.0%
Regions Reserve	500,000	500,000	0	0.0%
Progress Checking	0	23,195	(23,195)	0.0%
Trustmark Giving Fund	3,655	3,656	(1)	0.0%
Total Cash	1,176,538	1,141,167	35,370	0.0%
Receivable				
Accounts receivable - Membership	307,843	269,195	38,648	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	262,365	46,630	-57.0%
Inventory				
Golf Inventory	62,680	50,699	11,981	46.0%
Mulligans Inventory	3,787	4,634	(847)	23.0%
Mulligans Inventory - Liquor	2,875	2,126	749	48.0%
Mulligans Inventory - Wine	72	105	(33)	-46.0%
Mulligans Inventory - Beer	1,563	1,878	(315)	-20.0%
Vue Inventory- Food	21,463	20,243	1,219	11.0%
Vue Inventory - Liquor	10,227	13,148	(2,921)	16.0%
Vue Inventory - Wine	17,495	17,076	419	-6.0%
Vue Inventory - Beer	1,507	1,685	(178)	13.0%
Other Inventory	62,310	62,310	0	-100.0%
Total Inventory	183,979	173,905	10,074	-28.0%
Prepaid Expenses				
Prepaid expenses and other	41,293	26,971	14,322	17.0%
Prepaid Insurance	92,335	87,853	4,482	-27.0%
Total Prepaid Expenses	133,628	114,824	18,803	-16.0%
Total Current Assets	1,803,139	1,692,261	110,877	
Property and Equipment				
Land	513,845	513,845	0	0.0%
Buildings	751,574	751,574	0	0.0%
Improvements	4,727,896	4,883,444	(155,548)	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)	(5,139,820)	112,500	7.0%
Total Property and Equipment	4,018,682	4,067,725	(49,043)	2.0%
Other Assets				
Deposits	7,474	7,474	0	0.0%
Loan Closing Costs	19,342	19,342	0	0.0%
Amortization	(19,342)	(20,938)	1,596	25.0%
Total Other Assets	7,474	5,878	1,596	-41.0%
TOTAL ASSETS	5,829,294	5,765,864	63,430	

Santa Rosa Golf & Beach Club, Inc.
Comparative Balance Sheet
As Of 8/31/2018

LIABILITIES

Current Liabilities

Payables

Accounts payable	94,650	172,536	(77,887)	-40.0%
Accrued Wages	86,999	46,642	40,357	33.0%
Accrued Performance Bonuses	119,369	1	119,369	19.0%
Total Payables	301,017	219,179	81,839	-19.0%

Taxes Payable and Accrued

Property tax payable	0	29,595	(29,595)	0.0%
Sales tax payable	32,807	27,107	5,700	13.0%
Federal and State Taxes Payable	69,000	(21,000)	90,000	0.0%
Total Taxes Payable and Accrued	101,807	35,702	66,105	0

Accrued Expenses

Accrued PTO	27,892	27,892	0	0.0%
Accrued Expenses	91,444	120,477	(29,033)	-94.0%
Accrued Property Tax	13,993	13,993	0	-13.0%
Total Accrued Expenses	133,328	162,361	(29,033)	-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	581,422	318,713	262,709	-17.0%
Event Deposits	116,958	98,263	18,696	-16.0%
Total Deferred Revenue	698,380	416,976	281,404	-17.0%

Other Current Liabilities

Employee bonus fund	0	25	(25)	-100.0%
Gift card payable	22,542	23,390	(847)	11.0%
Credit Books	26,199	9,658	16,541	-34.0%
Prepaid Signature Gold	(100)	(100)	0	0.0%
Due to beach service	0	(0)	0	-90.0%
Gratuities payable	425	12,320	(11,895)	23.0%
Deferred Tax Liability	85,075	85,075	0	100.0%
Total Other Current Liabilities	134,142	130,368	3,774	-3.0%

Total Current Liabilities

1,406,190	1,002,102	404,088	-20.0%
------------------	------------------	----------------	---------------

Long Term Debt

N/P - Regions Construction	370,620	319,961	50,659	-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	311,825	50,659	-61.0%

TOTAL LIABILITIES

1,768,674	1,313,927	454,747	-36.0%
------------------	------------------	----------------	---------------

EQUITY

Equity memberships	2,844,893	2,855,893	(11,000)	0.0%
Capital Contributions	0	9,953	(9,953)	0.0%
Paid In Capital	100,600	114,850	(14,250)	28.0%
Retained earnings	643,160	1,115,127	(471,967)	-539.0%
Current Year Profit/(Loss)	471,967	356,114	115,853	-95.0%
TOTAL EQUITY	4,060,620	4,451,937	(391,317)	22.0%

TOTAL LIABILITIES & EQUITY

5,829,294	5,765,864	63,430	-1.0%
------------------	------------------	---------------	--------------

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

	<u>4/30/2018</u>	<u>5/31/2018</u>	<u>6/30/2018</u>	<u>7/31/2018</u>	<u>8/31/2018</u>	<u>YTD Total</u>
Cash flows from operating activities						
Net income (loss)	\$ 48,128	\$ 15,269	\$ 125,089	\$ 180,474	\$ (12,845)	\$ 356,114
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation & amortization	22,819	22,819	22,819	22,819	22,819	\$ 114,095
Changes in operating assets and liabilities:						
(Increase) decrease in						
Receivables	12,525	(9,508)	10,801	(14,622)	47,434	\$ 46,630
Inventories	(10,451)	13,849	(4,944)	9,145	2,474	\$ 10,074
Prepaid expenses	10,054	(20,843)	25,462	1,608	2,522	\$ 18,803
Increase (decrease) in						
Accounts payable	96,493	59,021	46,932	(191,408)	66,849	\$ 77,886
Accrued liabilities	5,938	(79,612)	(430)	(54,482)	(71,985)	\$ (200,571)
Deferred revenues (event deposits)	(69,391)	(62,649)	(42,781)	(56,270)	(50,313)	\$ (281,404)
Net cash provided by (used in) operating activities	<u>116,115</u>	<u>(61,653)</u>	<u>182,947</u>	<u>(102,736)</u>	<u>6,955</u>	<u>\$ 141,628</u>
Cash flows from investing activities						
Purchases of property and equipment	(20,923)	(24,367)	(55,045)	(12,293)	(48,916)	\$ (161,545)
Net cash provided by (used in) investing activities	<u>(20,923)</u>	<u>(24,367)</u>	<u>(55,045)</u>	<u>(12,293)</u>	<u>(48,916)</u>	<u>\$ (161,545)</u>
Cash flows from financing activities						
Proceeds from long-term debt	-	-	-	-	-	\$ -
Payments on long-term debt	(9,422)	(10,472)	(10,207)	(10,281)	(10,276)	\$ (50,658)
Capital Contributions					9,953	\$ 9,953
Issuance of equity memberships	6,000	1,500	5,500	5,250	750	\$ 19,000
Equity membership payouts	-	1,500	-	5,250	(500)	\$ 6,250
Net cash provided by (used in) financing activities	<u>(3,422)</u>	<u>(7,472)</u>	<u>(4,707)</u>	<u>219</u>	<u>(73)</u>	<u>\$ (15,455)</u>
Net change in cash	91,770	(93,492)	123,196	(114,810)	(42,034)	(35,371)
Cash at beginning of period	\$ 1,176,538	\$ 1,268,307	\$ 1,174,816	\$ 1,298,011	\$ 1,183,201	1,268,307
Cash at end of period	<u>\$ 1,268,307</u>	<u>\$ 1,174,816</u>	<u>\$ 1,298,011</u>	<u>\$ 1,183,201</u>	<u>\$ 1,141,167</u>	<u>\$ 1,141,167</u>