

Santa Rosa Golf & Beach Club

Executive Summary

Unaudited Financial Results – YTD 9-30-2018

Date Prepared: 10/23/2018

Summary

- YTD Total Revenue was \$3,331,172 which is \$75,455 less than Budgeted but \$51,007 more than the Prior Year.
- YTD Golf Revenue (Including Dues Allocation) was \$1,655,265 which is \$26,047 more than Budgeted and \$83,681 more than the Prior Year.
- YTD Vue Revenue (including Dues Allocation) was \$1,675,907 which is \$101,492 less than Budgeted and \$32,675 less than the Prior Year.
- YTD Total Gross Profit was \$2,716,441 which is \$126,137 less than Budgeted and \$27,862 less than the Prior Year.
- YTD Total Payroll was \$1,177,590 which is \$9,933 more than budgeted and \$41,039 more than the Prior Year.
- YTD Total Operating Expenses were \$977,519 which is \$21,072 less than budgeted but \$57,318 more than the Prior Year.
- September EBITDA was \$86,631 which is \$31,282 greater than budgeted and \$7,214 greater than the Prior Year's September's EBITDA.
- YTD EBITDA was \$561,331 which is \$114,999 less than budgeted and \$126,219 less than the Prior Year.
- Net Income (after Depreciation, Amortization and Interest Expense) was \$418,431 which is \$87,799 less than Budgeted and \$83,693 less than Prior Year.
- Cash Balance at 9/30/18 was \$1,230,138 (including a Cash Reserve of \$519,833) compared to a Cash Balance at 9/30/17 of \$1,452,628.
- Loan Balances at 9/30/18 were \$339,029 compared to balances of \$686,617 at 9/30/17. A decrease of \$347,788. Year to Date Interest expense was \$15,248 less than last year.
- Current Liabilities are \$20,063 more than last year. Total Liabilities are \$327,725 less than last year.
- Current Ratio (Current Assets/Current Liabilities) is 178% vs. 190% last year.

- Current Ratio without considering Deferred Revenue is 226% vs. 239% last year.
- Debt to Equity Ratio is 7% vs. 17% last year
- Gross Profit % is 82% vs. 84% 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	149%		170%
• Current	178%		190%
• Current Ratio (w/o Deferred Revenue)	226%		239%
• Debt to Equity	7%		17%
• Debt to Asset	6%		12%
• Gross Profit	82%	83%	84%
• Payroll to Revenue	35%	34%	35%
• Oper. Expenses to Revenue	29%	29%	28%
• EBITDA to Revenue	17%	20%	21%

The main concerns are as follows:

- EBITDA is still tracking 17% below budget and 18% below prior year. The reasons are the same as reported in prior reports.
- Net Income (EBITDA less Interest and Depreciation) is 17% below budget and 16.5% below prior year,
- Net Cash only increased \$53,599 for the year although the cash balance increased \$88,970 for the month of September.
- 9/30/18 cash balance is \$222,490 less than 9/30/17 cash balance.
- Since the Panhandle has been affected by three named storms this year, the club needs to recognize the need for adequate insurance and adequate liquidity to survive in case our area gets a direct hit. I would ask that club management meet with our agent to review our insurance coverage.
- The opinion of most economic forecaster's is that we will have some sort of economic pullback in the next three years. We need to make sure that there is adequate liquidity is in place that will protect the club from a possible decrease of member and non-member revenue.

On the bright side:

- Overall Club Revenue is up 1.6% from last year.
- Our current debt to equity ratio is 7%.

Thank you.

Santa Rosa Golf and Beach Club

Summary Financial Report-Unaudited

As of September 30, 2018

Date prepared 10/15/2018

	YTD Budget as of		Variance		Variance		
	YTD 9/30/2018	9/30/2018	YTD 9/30/2017	Actual vs. Budget	over budget	2018 vs. 2017	% Inc over 2017

Balance Sheet Comparison

Operating Cash in Bank	\$	710,305	\$	1,452,628	\$	(742,323)	-51.10%
Cash Reserve Fund	\$	519,833	\$	-	\$	519,833	100.00%
Cash & Accounts Receivable	\$	1,514,903	\$	1,693,500	\$	(178,597)	-10.55%
Current Assets	\$	1,805,320	\$	1,893,404	\$	(88,084)	-4.65%
Total Assets	\$	5,878,859	\$	5,759,226	\$	119,633	2.08%
Payables and Accrued Payroll	\$	626,516	\$	646,042	\$	(19,526)	-3.02%
Deferred Revenue	\$	389,180	\$	349,591	\$	39,589	11.32%
Current Liabilities	\$	1,015,696	\$	995,633	\$	20,063	2.02%
Loan and Equipment Balances	\$	339,029	\$	686,817	\$	(347,788)	-50.64%
Total Liabilities	\$	1,354,725	\$	1,682,450	\$	(327,725)	-19.48%
Total Equity	\$	4,524,134	\$	4,076,776	\$	447,358	10.97%

Income Statement Comparison

Total Revenue	\$	3,331,172	\$	3,406,617	\$	3,280,165	\$	(75,445)	-2.21%	\$	51,007	1.56%
Cost of Sales	\$	614,732	\$	564,039	\$	535,863	\$	50,693	8.99%	\$	78,869	14.72%
Gross Profit	\$	2,716,441	\$	2,842,578	\$	2,744,303	\$	(126,137)	-4.44%	\$	(27,862)	-1.02%
Payroll	\$	1,177,590	\$	1,167,657	\$	1,136,551	\$	9,933	0.85%	\$	41,039	3.61%
Operating Expenses	\$	977,519	\$	998,591	\$	920,201	\$	(21,072)	-2.11%	\$	57,318	6.23%
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$	561,331	\$	676,330	\$	687,550	\$	(114,999)	-17.00%	\$	(126,219)	-18.36%
Interest Expense	\$	5,985	\$	21,000	\$	15,248	\$	(15,015)	-71.50%	\$	(9,262)	-60.75%
Depreciation and Amortization	\$	136,915	\$	149,100	\$	170,179	\$	(12,185)	-8.17%	\$	(33,264)	-19.55%
Net Income	\$	418,431	\$	506,230	\$	502,124	\$	(87,799)	-17.34%	\$	(83,693)	-16.67%
Less YTD Principal Payments Made	\$	60,970	\$	60,970	\$	257,357	\$	-	0.00%	\$	(196,387)	-76.31%
Cashflow after Debt Payments	\$	220,546	\$	296,160	\$	74,588	\$	(75,614)	-25.53%	\$	145,958	195.69%

Key Operating Ratios

Quick Ratio	149%	170%	
Current Ratio	178%	190%	
Current Ratio w/o Deferred Revenue	226%	239%	
Debt to Equity	7%	17%	
Debt to Asset	6%	12%	
Gross Profit %	82%	83%	84%
Payroll to Revenue	35%	34%	35%
Operating Expense to Revenue	29%	29%	28%
EBITDA to Revenue	17%	20%	21%

Santa Rosa Golf and Beach Club

Year to Date Summary Financial Report by Cost Center to Budget

As of September 30, 2018

Date prepared 10/15/2018

	<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)	\$ 1,655,265	\$ 1,629,218	\$ 26,047	\$ 1,675,907	\$ 1,777,399	\$ (101,492)	\$ 3,331,172	\$ 3,406,617	\$ (75,445)
Cost of Sales	\$ 159,214	\$ 122,564	\$ 36,650	\$ 455,517	\$ 441,475	\$ 14,042	\$ 614,732	\$ 564,039	\$ 50,693
Gross Profit	\$ 1,496,051	\$ 1,506,654	\$ (10,603)	\$ 1,220,390	\$ 1,335,924	\$ (115,534)	\$ 2,716,441	\$ 2,842,578	\$ (126,137)
Payroll	\$ 561,073	\$ 553,856	\$ 7,217	\$ 616,518	\$ 613,801	\$ 2,717	\$ 1,177,590	\$ 1,167,657	\$ 9,933
Operating Expenses	\$ 601,959	\$ 601,974	\$ (16)	\$ 375,560	\$ 396,617	\$ (21,056)	\$ 977,519	\$ 998,591	\$ (21,072)
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 333,019	\$ 350,823	\$ (17,804)	\$ 228,312	\$ 325,507	\$ (97,195)	\$ 561,331	\$ 676,330	\$ (114,999)

Key Ratios

Gross Profit %	90%	92%	73%	75%	82%	83%
Payroll to Revenue	34%	34%	37%	35%	35%	34%
Operating Expense to Revenue	36%	37%	22%	22%	29%	29%
EBITDA to Revenue	20%	22%	14%	18%	17%	20%

Santa Rosa Golf and Beach Club

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

As of September 30, 2018
Date prepared 10/15/2018

	Golf Prior			Vue Prior			Total		
	Golf Actual	Year	Difference	Vue Actual	Year	Difference	Total Actual	Total Prior Year	Difference
Income Statement Comparison									
Total Revenue (Inc Dues Allocation)	\$ 1,655,265	\$ 1,571,584	\$ 83,681	\$ 1,675,907	\$ 1,708,582	\$ (32,675)	\$ 3,331,172	\$ 3,280,165	\$ 51,007
Cost of Sales	\$ 159,214	\$ 108,421	\$ 50,793	\$ 455,517	\$ 427,442	\$ 28,076	\$ 614,732	\$ 535,863	\$ 78,869
Gross Profit	\$ 1,496,051	\$ 1,463,163	\$ 32,888	\$ 1,220,390	\$ 1,281,140	\$ (60,751)	\$ 2,716,441	\$ 2,744,303	\$ (27,862)
Payroll	\$ 561,073	\$ 542,511	\$ 18,562	\$ 616,518	\$ 594,041	\$ 22,477	\$ 1,177,590	\$ 1,136,551	\$ 41,039
Operating Expenses	\$ 601,959	\$ 565,236	\$ 36,723	\$ 375,560	\$ 354,965	\$ 20,595	\$ 977,519	\$ 920,201	\$ 57,318
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 333,019	\$ 355,416	\$ (22,397)	\$ 228,312	\$ 332,134	\$ (103,823)	\$ 561,331	\$ 687,550	\$ (126,219)

Key Ratios

Gross Profit %	90%	93%	73%	75%	82%	84%
Payroll to Revenue	34%	35%	37%	35%	35%	35%
Operating Expense to Revenue	36%	36%	22%	21%	29%	28%
EBITDA to Revenue	20%	23%	14%	19%	17%	21%

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>9/30/2018</u>	<u>YTD Total</u>
Cash flows from operating activities							
Net income (loss)	\$ 48,128	\$ 15,269	\$ 125,089	\$ 180,474	\$ (12,845)	\$ 62,317	\$ 418,431
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	22,819	\$ 136,914
Changes in operating assets and liabilities:							
(Increase) decrease in							
Receivables	\$ 12,525	\$ (9,508)	\$ 10,801	\$ (14,622)	\$ 47,434	\$ (22,401)	\$ 24,230
Inventories	\$ (10,451)	\$ 13,849	\$ (4,944)	\$ 9,145	\$ 2,474	\$ (3,744)	\$ 6,330
Prepaid expenses	\$ 10,054	\$ (20,843)	\$ 25,462	\$ 1,608	\$ 2,522	\$ 2,056	\$ 20,860
Increase (decrease) in							
Accounts payable	\$ 96,493	\$ 59,021	\$ 46,932	\$ (191,408)	\$ 66,849	\$ (62,713)	\$ 15,173
Accrued liabilities	\$ 5,938	\$ (79,612)	\$ (430)	\$ (54,482)	\$ (71,985)	\$ 141,620	\$ (58,952)
Deferred revenues (event deposits)	\$ (69,391)	\$ (62,649)	\$ (42,781)	\$ (56,270)	\$ (50,313)	\$ (27,796)	\$ (309,200)
Net cash provided by (used in) operating activities	\$ 116,115	\$ (61,653)	\$ 182,947	\$ (102,736)	\$ 6,955	\$ 112,157	\$ 253,785
Cash flows from investing activities							
Purchases of property and equipment	\$ (20,923)	\$ (24,367)	\$ (55,045)	\$ (12,293)	\$ (48,916)	\$ (22,756)	\$ (184,300)
Net cash provided by (used in) investing activities	\$ (20,923)	\$ (24,367)	\$ (55,045)	\$ (12,293)	\$ (48,916)	\$ (22,756)	\$ (184,300)
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)	\$ (10,311)	\$ (60,969)
Capital Contributions					\$ 9,953	\$ 9,880	\$ 19,833
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	\$ (3,422)	\$ (7,472)	\$ (4,707)	\$ 219	\$ (73)	\$ (431)	\$ (15,886)
Net change in cash	\$ 91,770	\$ (93,492)	\$ 123,196	\$ (114,810)	\$ (42,034)	\$ 88,970	\$ 53,599
Cash at beginning of period	\$ 1,176,538	\$ 1,268,307	\$ 1,174,816	\$ 1,298,011	\$ 1,183,201	\$ 1,141,167	\$ 1,176,538
Cash at end of period	\$ 1,268,307	\$ 1,174,816	\$ 1,298,011	\$ 1,183,201	\$ 1,141,167	\$ 1,230,137	\$ 1,230,137