

Santa Rosa Golf & Beach Club

Executive Summary

Unaudited Financial Results – YTD 10-31-2018

Date Prepared: 11/14/2018

Summary

- YTD Total Revenue was \$3,815,184 which is \$110,721 less than Budgeted but \$36,130 more than the Prior Year.
- YTD Golf Revenue (Including Dues Allocation) was \$1,893,610 which is \$1,909 less than Budgeted and \$65,921 more than the Prior Year.
- YTD Vue Revenue (including Dues Allocation) was \$1,921,574 which is \$108,812 less than Budgeted and \$29,791 less than the Prior Year.
- YTD Total Gross Profit was \$3,128,878 which is \$153,598 less than Budgeted and \$28,589 less than the Prior Year.
- YTD Total Payroll was \$1,385,192 which is \$37,856 more than budgeted and \$62,423 more than the Prior Year.
- YTD Total Operating Expenses were \$1,116,423 which is \$10,819 less than budgeted but \$67,831 more than the Prior Year.
- YTD EBITDA was \$627,263 which is \$180,635 less than budgeted and \$158,843 less than the Prior Year.
- Net Income (after Depreciation, Amortization and Interest Expense) was \$460,421 which is \$149,027 less than Budgeted and \$115,181 less than Prior Year.
- Cash Balance at 10/31/18 was \$1,248,548 (including a Cash Reserve of \$529,533) compared to a Cash Balance at 10/31/17 of \$1,371,770.
- Loan Balances at 10/31/18 were \$328,646 compared to balances of \$677,569 at 10/31/17. A decrease of \$348,923. Year to Date Interest expense was \$10,398 less than last year.
- Current Liabilities are \$142,254 more than last year. Total Liabilities are \$206,669 less than last year.
- Current Ratio (Current Assets/Current Liabilities) is 187% vs.220% last year.
- Current Ratio without considering Deferred Revenue is 232% vs. 271% last year.
- Debt to Equity Ratio is 7% vs. 16% last year
- Gross Profit % is 82% vs. 84% last year.
- EBITDA to Total Revenue is 16% vs. 21% last year

Key Ratios

	<u>YTD Actual</u>	<u>Budgeted</u>	<u>Prior Yr</u>
• Quick	157%		197%
• Current	187%		220%
• Current Ratio (w/o Deferred Revenue)	232%		271%
• Debt to Equity	7%		16%
• Debt to Asset	6%		12%
• Gross Profit	82%	84%	84%
• Payroll to Revenue	36%	34%	35%
• Oper. Expenses to Revenue	29%	29%	28%
• EBITDA to Revenue	16%	21%	21%

Even though Gross Revenue and EBITDA are down from Budget and Prior Year, the club has done well considering the terrible weather this year with abnormal rainfall amounts occurring in the beginning of year and midsummer, and Hurricane Michael occurring in October. Also the restaurant was closed for a number of days due to the remodeling and power outage.

Projected EBITDA for the current fiscal year is \$779,272. Per the Attached Schedule, the club posted an EBITDA of \$994,410 in the prior fiscal year and \$883,620 (without BP money counted for) in the fiscal year before that. EBITDA is calculated as Earnings (including Dues) before Interest Expense, Income Taxes Paid, Depreciation and Amortization Expenses. The EBITDA calculation includes the Club Corp Management and Incentive Fees and the Management Fee paid to the Prior Manager. I did not include EBITDA before FYE 3/31/2014 because it was negative. We are currently on track to meet the current Fiscal Year Projections. The projections for next year and the year after are reasonable but based on the current economic climate continuing and based on the expectation that no major tropical storm or hurricane will impact the area.

Santa Rosa Golf and Beach Club
Summary Financial Report-Unaudited

As of October 31, 2018

Date prepared 11/14/2018

YTD 10/31/2018	YTD Budget as of		Variance Actual vs. Budget	% Inc over budget	Variance 2018 vs. 2017	% Inc over 2017
	10/31/2018	YTD 10/31/2017				

Balance Sheet Comparison

Operating Cash in Bank	\$ 718,996	\$ 1,371,770			\$ (652,775)	-47.59%
Cash Reserve Fund	\$ 529,553	\$ -			\$ 529,553	100.00%
Cash & Accounts Receivable	\$ 1,507,437	\$ 1,613,860			\$ (106,423)	-6.59%
Current Assets	\$ 1,801,615	\$ 1,799,034			\$ 2,581	0.14%
Total Assets	\$ 5,863,284	\$ 5,651,362			\$ 211,922	3.75%
Payables and Accrued Payroll	\$ 634,467	\$ 572,844			\$ 61,623	10.76%
Deferred Revenue	\$ 327,077	\$ 246,445			\$ 80,632	32.72%
Current Liabilities	\$ 961,543	\$ 819,289			\$ 142,254	17.36%
Loan Balances	\$ 328,646	\$ 677,569			\$ (348,923)	-51.50%
Total Liabilities	\$ 1,290,189	\$ 1,496,858			\$ (206,669)	-13.81%
Total Equity	\$ 4,573,094	\$ 4,154,505			\$ 418,589	10.08%

Income Statement Comparison

Total Revenue	\$ 3,815,184	\$ 3,925,905	\$ 3,779,053	\$ (110,721)	-2.82%	\$ 36,130	0.96%
Cost of Sales	\$ 686,306	\$ 643,429	\$ 621,586	\$ 42,877	6.66%	\$ 64,720	10.41%
Gross Profit	\$ 3,128,878	\$ 3,282,476	\$ 3,157,467	\$ (153,598)	-4.68%	\$ (28,589)	-0.91%
Payroll	\$ 1,385,192	\$ 1,347,336	\$ 1,322,769	\$ 37,856	2.81%	\$ 62,423	4.72%
Operating Expenses	\$ 1,116,423	\$ 1,127,242	\$ 1,048,592	\$ (10,819)	-0.96%	\$ 67,831	6.47%
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 627,263	\$ 807,898	\$ 786,106	\$ (180,635)	-22.36%	\$ (158,843)	-20.21%
Interest Expense	\$ 7,109	\$ 24,500	\$ 17,507	\$ (17,391)	-70.99%	\$ (10,398)	-59.39%
Depreciation and Amortization	\$ 159,734	\$ 173,950	\$ 192,998	\$ (14,216)	-8.17%	\$ (33,264)	-17.24%
Net Income	\$ 460,421	\$ 609,448	\$ 575,602	\$ (149,027)	-24.45%	\$ (115,181)	-20.01%
Less YTD Principal Payments Made	\$ 71,354	\$ 71,354	\$ 266,605	\$ -	0.00%	\$ (195,251)	-73.24%
Cashflow after Debt Payments	\$ 229,334	\$ 364,144	\$ 115,999	\$ (134,811)	-37.02%	\$ 113,335	97.70%

Key Operating Ratios

Quick Ratio	157%	197%
Current Ratio	187%	220%
Current Ratio w/o Deferred Revenue	232%	271%
Debt to Equity	7%	16%
Debt to Asset	6%	12%
Gross Profit %	82%	84%
Payroll to Revenue	36%	35%
Operating Expense to Revenue	29%	28%
EBITDA to Revenue	16%	21%

Santa Rosa Golf and Beach Club

Year to Date Summary Financial Report by Cost Center to Budget

As of October 31, 2018

Date prepared 11/14/2018

	<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)	\$ 1,893,610	\$ 1,895,519	\$ (1,909)	\$ 1,921,574	\$ 2,030,386	\$ (108,812)	\$ 3,815,184	\$ 3,925,905	\$ (110,721)
Cost of Sales	\$ 172,515	\$ 143,549	\$ 28,966	\$ 513,791	\$ 499,880	\$ 13,911	\$ 686,306	\$ 643,429	\$ 42,877
Gross Profit	\$ 1,721,095	\$ 1,751,970	\$ (30,875)	\$ 1,407,783	\$ 1,530,506	\$ (122,723)	\$ 3,128,878	\$ 3,282,476	\$ (153,598)
Payroll	\$ 662,970	\$ 642,539	\$ 20,431	\$ 722,221	\$ 704,797	\$ 17,424	\$ 1,385,192	\$ 1,347,336	\$ 37,856
Operating Expenses	\$ 672,801	\$ 667,534	\$ 5,268	\$ 443,622	\$ 459,709	\$ (16,087)	\$ 1,116,423	\$ 1,127,242	\$ (10,819)
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 385,323	\$ 441,898	\$ (56,575)	\$ 241,940	\$ 366,000	\$ (124,060)	\$ 627,263	\$ 807,898	\$ (180,635)

Key Ratios

Gross Profit %	91%	92%	73%	75%	82%	84%
Payroll to Revenue	35%	34%	38%	35%	36%	34%
Operating Expense to Revenue	36%	35%	23%	23%	29%	29%
EBITDA to Revenue	20%	23%	13%	18%	16%	21%

Santa Rosa Golf and Beach Club

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

As of October 31, 2018

Date prepared 11/14/2018

	Golf			Vue			Total		
	Actual	Prior Year	Difference	Actual	Prior Year	Difference	Actual	Prior Year	Difference
Income Statement Comparison									
Total Revenue (inc Dues Allocation)	\$ 1,893,610	\$ 1,827,689	\$ 65,921	\$ 1,921,574	\$ 1,951,365	\$ (29,791)	\$ 3,815,184	\$ 3,779,053	\$ 36,130
Cost of Sales	\$ 172,515	\$ 133,402	\$ 39,113	\$ 513,791	\$ 488,184	\$ 25,607	\$ 686,306	\$ 621,586	\$ 64,720
Gross Profit	\$ 1,721,095	\$ 1,694,287	\$ 26,808	\$ 1,407,783	\$ 1,463,181	\$ (55,398)	\$ 3,128,878	\$ 3,157,467	\$ (28,589)
Payroll	\$ 662,970	\$ 633,095	\$ 29,875	\$ 722,221	\$ 689,673	\$ 32,548	\$ 1,385,192	\$ 1,322,769	\$ 62,423
Operating Expenses	\$ 672,801	\$ 627,613	\$ 45,189	\$ 443,622	\$ 420,980	\$ 22,642	\$ 1,116,423	\$ 1,048,592	\$ 67,831
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 385,323	\$ 433,578	\$ (48,255)	\$ 241,940	\$ 352,528	\$ (110,587)	\$ 627,263	\$ 786,106	\$ (158,843)

Key Ratios

Gross Profit %	91%	93%	73%	75%	82%	84%
Payroll to Revenue	35%	35%	38%	35%	36%	35%
Operating Expense to Revenue	36%	34%	23%	22%	29%	28%
EBITDA to Revenue	20%	24%	13%	18%	16%	21%

Santa Rosa Golf and Beach Club

Month of October Summary Financial Report by Cost Center to Prior Year

As of October 31, 2018

Date prepared 11/14/2018

	Golf Prior			Vue Prior			Total Actual	Total Prior Year	Difference
	Golf Actual	Year	Difference	Vue Actual	Year	Difference			
Income Statement Comparison									
Total Revenue (inc Dues Allocation)	\$ 238,345	\$ 256,105	\$ (17,760)	\$ 245,667	\$ 242,783	\$ 2,884	\$ 484,012	\$ 498,888	\$ (14,876)
Cost of Sales	\$ 13,301	\$ 24,981	\$ (11,680)	\$ 58,273	\$ 60,743	\$ (2,469)	\$ 71,574	\$ 85,723	\$ (14,149)
Gross Profit	\$ 225,044	\$ 231,124	\$ (6,080)	\$ 187,393	\$ 182,040	\$ 5,353	\$ 412,437	\$ 413,164	\$ (727)
Payroll	\$ 99,125	\$ 90,585	\$ 8,540	\$ 109,709	\$ 95,633	\$ 14,077	\$ 208,834	\$ 186,217	\$ 22,617
Operating Expenses	\$ 70,226	\$ 63,013	\$ 7,213	\$ 67,492	\$ 66,858	\$ 634	\$ 137,718	\$ 129,871	\$ 7,847
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 55,694	\$ 77,526	\$ (21,833)	\$ 10,192	\$ 19,550	\$ (9,358)	\$ 65,885	\$ 97,076	\$ (31,191)

Key Ratios

Gross Profit %	94%	90%	76%	75%	85%	83%
Payroll to Revenue	42%	35%	45%	39%	43%	37%
Operating Expense to Revenue	29%	25%	27%	28%	28%	26%
EBITDA to Revenue	23%	30%	4%	8%	14%	19%

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>10/31/2018</u>	<u>YTD Total</u>
Cash flows from operating activities								
Net income (loss)	\$ 48,128	\$ 15,269	\$ 125,089	\$ 180,474	\$ (12,845)	\$ 62,317	\$ 41,990	\$ 460,421
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	22,819	\$ 159,733
Changes in operating assets and liabilities:								
(Increase) decrease in								
Receivables	12,525	(9,508)	10,801	(14,622)	47,434	(22,401)	25,876	\$ 50,106
Inventories	(10,451)	13,849	(4,944)	9,145	2,474	(3,744)	(6,068)	\$ 262
Prepaid expenses	10,054	(20,843)	25,462	1,608	2,522	2,056	2,307	\$ 23,167
Increase (decrease) in								
Accounts payable	96,493	59,021	46,932	(191,408)	66,849	(62,713)	175,306	\$ 190,479
Accrued liabilities	5,938	(79,612)	(430)	(54,482)	(71,985)	141,620	(167,355)	\$ (226,307)
Deferred revenues (event deposits)	(69,391)	(62,649)	(42,781)	(56,270)	(50,313)	(27,796)	(62,103)	\$ (371,303)
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>112,157</u>	<u>32,772</u>	<u>\$ 286,557</u>
Cash flows from investing activities								
Purchases of property and equipment	(20,923)	(24,367)	(55,045)	(12,293)	(48,916)	(22,756)	(10,948)	\$ (195,248)
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>(22,756)</u>	<u>(10,948)</u>	<u>\$ (195,248)</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)	(10,311)	(10,384)	\$ (71,353)
Capital Contributions	-	-	-	-	9,953	9,880	9,720	\$ 29,553
Issuance of equity memberships	6,000	1,500	5,500	5,250	750	-	750	\$ 19,750
Equity membership payouts	-	1,500	-	5,250	(500)	-	(3,500)	\$ 2,750
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>(431)</u>	<u>(3,414)</u>	<u>\$ (19,300)</u>
Net change in cash	91,770	(93,492)	123,196	(114,810)	(42,034)	88,970	18,410	72,009
Cash at beginning of period	<u>\$ 1,176,538</u>	<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>\$ 1,230,137</u>	<u>1,268,307</u>
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>\$ 1,230,137</u>	<u>\$ 1,248,546</u>	<u>\$ 1,141,167</u>

Santa Rosa Golf & Beach Club, Inc.

Comparative Balance Sheet

As Of 10/31/2018

	As of Date 3/31/2018	As of Date 10/31/2018	\$ 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	342,433	321,685	0.0%
Cash Clearing	0	3,310	(3,310)	0.0%
Reserve	500,000	500,000	0	0.0%
Progress Checking	0	385,383	(385,383)	0.0%
Trustmark Giving Fund	3,655	3,657	(2)	0.0%
Total Cash	1,176,538	1,248,548	(72,010)	0.0%
Receivable				
Accounts receivable - Membership	307,843	257,269	50,574	3.0%
Accounts receivable - Events	8,023	8,431	(408)	126.0%
Accounts receivable - Other	0	0	0	-98.0%
Accounts receivable - Employees	0	62	(62)	0.0%
Allowance for Bad Debt	(6,871)	(6,871)	0	-8.0%
Total Receivable	308,995	258,889	50,105	-57.0%
Inventory				
Golf Inventory	62,680	62,071	609	46.0%
Mulligans Inventory	3,787	7,002	(3,215)	23.0%
Mulligans Inventory - Liquor	2,875	2,506	369	48.0%
Mulligans Inventory - Wine	72	120	(48)	-46.0%
Mulligans Inventory - Beer	1,563	2,390	(827)	-20.0%
Vue Inventory- Food	21,463	15,817	5,646	11.0%
Vue Inventory - Liquor	10,227	12,437	(2,210)	16.0%
Vue Inventory - Wine	17,495	16,856	639	-6.0%
Vue Inventory - Beer	1,507	2,208	(701)	13.0%
Other Inventory	62,310	62,310	0	-100.0%
Total Inventory	183,979	183,717	262	-28.0%
Prepaid Expenses				
Prepaid expenses and other	41,293	22,608	18,685	17.0%
Prepaid insurance	92,335	87,853	4,482	-27.0%
Total Prepaid Expenses	133,628	110,461	23,167	-16.0%
Total Current Assets	1,803,139	1,801,615	1,523	
Property and Equipment				
Land	513,845	513,845	0	0.0%
Buildings	751,574	751,574	0	0.0%
Improvements	4,727,896	4,917,148	(189,251)	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)	(5,184,820)	157,500	7.0%
Total Property and Equipment	4,018,682	4,056,429	(37,747)	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)	(21,576)	2,234	25.0%
Total Other Assets	7,474	5,240	2,234	-41.0%
TOTAL ASSETS	5,829,294	5,863,284	(33,990)	

Santa Rosa Golf & Beach Club, Inc.

Comparative Balance Sheet As Of 10/31/2018

LIABILITIES

Current Liabilities

Payables

Accounts payable	94,650	285,128	(190,479)	-40.0%
Accrued Wages	86,999	3,897	83,102	33.0%
Accrued Performance Bonuses	119,369	17,155	102,215	19.0%
Total Payables	301,017	306,179	(5,162)	-19.0%

Taxes Payable and Accrued

Property tax payable	0	0	0	0.0%
Sales tax payable	32,807	29,560	3,247	13.0%
Federal and State Taxes Payable	69,000	(43,077)	112,077	0.0%
Total Taxes Payable and Accrued	101,807	(13,517)	115,324	0

Accrued Expenses

Accrued PTO	27,892	27,892	(0)	0.0%
Accrued Expenses	91,444	139,629	(48,186)	-94.0%
Accrued Property Tax	13,993	55,426	(41,433)	-13.0%
Total Accrued Expenses	133,328	222,947	(89,619)	-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	218,971	362,451	-17.0%
Event Deposits	116,958	108,106	8,852	-16.0%
Total Deferred Revenue	698,380	327,077	371,304	-17.0%

Other Current Liabilities

Employee bonus fund	0	50	(50)	-100.0%
Rain Check Payable	0	251	(251)	-100.0%
Gift card payable	22,542	22,922	(380)	11.0%
Credit Books	26,199	8,414	17,785	-34.0%
Prepaid Signature Gold	(100)	(100)	0	0.0%
Due to beach service	0	0	0	-90.0%
Gratuities payable	425	2,245	(1,820)	23.0%
Deferred Tax Liability	85,075	85,075	0	100.0%
Total Other Current Liabilities	134,142	118,857	15,284	-3.0%

Total Current Liabilities

1,406,190 999,059 407,130 -20.0%

Long Term Debt

N/P - Regions Construction	370,620	299,266	71,354	-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	291,130	71,354	-61.0%

TOTAL LIABILITIES

1,768,674 1,290,189 478,484 -36.0%

EQUITY

Equity memberships	2,844,893	2,852,393	(7,500)	0.0%
Capital Contributions	0	29,553	(29,553)	0.0%
Paid In Capital	100,600	115,600	(15,000)	28.0%
Retained earnings	643,160	1,115,127	(471,967)	-539.0%
Current Year Profit/(Loss)	471,967	460,421	11,546	-95.0%

TOTAL EQUITY

4,060,620 4,573,094 (512,474) 22.0%

TOTAL LIABILITIES & EQUITY

5,829,294 5,863,283 (33,989) -1.0%

**Santa Rosa Golf and Beach Club
EBITDA History and Projection
From FYE 3/31/2014 to FYE 3/31/2021**

<u>Year</u>	<u>EBITDA</u>	
FYE 3/31/2014	\$ 121,386.00	
FYE 3/31/2015	\$ 606,316.00	
FYE 3/31/2016	\$ 630,552.00	
FYE 3/31/2017	\$ 883,620.00	Without BP Money
FYE 3/31/2018	\$ 994,410.00	
FYE 3/31/2019 (projected by Mike)	\$ 792,272.00	Weather and closing the club for remodeling
FYE 3/31/2020 (projected by Mike)	\$ 799,569.00	Without any dues increas
FYE 3/31/2021 (projected by Mike)	\$ 785,585.00	Without any dues increas
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Last 4 year average-actuals	\$ 778,724.50	
Last 5 year average-actuals	\$ 647,256.80	
Last 8 year average-actuals and projected	\$ 701,713.75	