

Santa Rosa Golf & Beach Club

Executive Summary

Financial Results – YTD 12-31-17

Date Prepared: 1/12/2018

Summary

- YTD Total Revenue was \$4,564,747 which is \$26,770 more than Budgeted and \$176,181 more than the Prior Year.
- YTD Golf Revenue was \$2,249,751 which is \$101,418 less than Budgeted and \$13,611 less than the Prior Year.
- YTD Vue Revenue was \$2,314,997 which is \$128,188 more than Budgeted and \$189,791 more than the Prior Year.
- YTD Gross Profit was \$3,810,972 which is \$14,330 less than Budgeted but \$122,266 more than the Prior Year.
- YTD Payroll was \$1,661,643 which is \$31,165 less than budgeted and \$81,382 more than the Prior Year.
- YTD Operating Expenses were \$1,256,154 which is \$110,687 less than budgeted but \$31,491 more than the Prior Year.
- YTD EBITDA was \$893,174 which is \$127,521 more than budgeted and \$9,393 more than the Prior Year.
- Cash Balance at 12/31/17 is \$1,127,664 compared to a Cash Balance at 12/31/16 of \$585,323.
- Loan Balances at 12/31/17 were \$659,057 compared to balances of \$1,218,476 at 12/31/16. A decrease of \$559,419. Loan Paydowns of \$285,117 were made during the current fiscal year.
- Current Ratio is 183% at 12/31/17 vs. 154% at 12/31/16.
- Current Ratio without considering Deferred Revenue is 370% at 12/31/17 vs. 325% at 12/31/16.

Key Ratios

	<u>YTD Actual</u>	<u>Budgeted</u>	<u>Prior Yr</u>
• Quick	171%		138%
• Current	183%		154%
• Current Ratio (w/o Deferred Revenue)	370%		325%
• Debt to Equity	45%		73%
• Debt to Asset	31%		42%
• Gross Profit	83%	84%	84%

• Payroll to Revenue	36%	37%	36%
• Oper. Expenses to Revenue	28%	30%	28%
• EBITDA to Revenue	20%	17%	20%

Total Revenue is tracking higher than Budget and Prior Year. Golf Revenue is still tracking lower than Budget and Prior Year but the gap is decreasing as the year goes on. The Vue Revenue continues to be very strong, exceeding both Budget and Prior Year. Golf Payroll and Operating Expenses are tracking lower than budget but higher than prior year. Vue Payroll is tracking lower than Budget but higher than Prior Year. Vue Operating Expenses are tracking lower than Budget and Prior Year. As a result, year to date total club EBITDA is tracking \$127,521 (16.66%) over budget and \$9,393 (1.06%) over last year. Our Current, Quick and Debt to Equity ratios continue to be very strong.

If EBITDA remains strong, we will be paying an incentive fee to Club Corp again for this fiscal year. Based on current EBITDA, the incentive fee will be approximately \$50,000.

Projected cashflow for the year is \$652,350 which allows for \$450,000 in Capital Improvements, \$304,000 in Principal Debt paydown and the \$50,000 ClubCorp Incentive Fee payment. To date we have spent \$138,191 in Capital Improvements. Also to date, we have paid down our long-term debt by \$285,117.

Mike presented a preliminary draft of next year's budget to the committee. This budget shows a 4% increase in Vue Revenue, 7.2% increase in Golf Revenue, increases in certain expense categories resulting in a 3.3% increase in EBITDA. Much discussion took place and the Finance Committee will email their comments to Mike and he will finalize the budget for the next Finance Committee meeting to be held at 2:00 PM on February 15. **All interested board members are welcome to attend this meeting and review and comment on the Final Budget.** The final draft will then be presented to the Board for their approval at the February Board Meeting on February 20.

The Finance Committee had another discussion as to whether we should make further paydowns on our current loan balance. At this time, it was decided not to make any additional loan paydowns, as we have the debt payments on an accelerated amortization schedule.

Holly Bickel, the Regional Accounting Manager, continues to do a very good job providing accurate Financial Statements. Savannah and Allison also are doing well. The resignation of Lisa will save the Club approximately \$60,000 per year, which was factored into next year's budget.

Lastly, Mike informs us that there are no serious member delinquency problems. He has a payment program in place with one member, and that member is adhering to the plan. He has needed to contact a few other members and they promptly paid their balance due.

Thank you.

Santa Rosa Golf and Beach Club
Summary Financial Report

As of 12/31/2017

Date prepared 1/10/2017

YTD Budget as of		Variance		% Inc	Variance		% Inc
YTD 12/31/2017	12/31/2017	YTD 12/31/2016	Actual vs. Budget	over budget	Current vs Prior	over 2016	

Balance Sheet Comparison

Cash in Bank	\$ 1,127,664	\$ 585,323	\$ 542,341	92.66%
Cash & Accounts Receivable	\$ 2,134,544	\$ 1,552,858	\$ 581,686	37.46%
Current Assets	\$ 2,284,323	\$ 1,723,544	\$ 560,779	32.54%
Total Assets	\$ 6,117,436	\$ 5,534,703	\$ 582,733	10.53%
Payables and Accrued Payroll	\$ 384,624	\$ 267,630	\$ 116,994	43.71%
Deferred Revenue	\$ 862,615	\$ 854,498	\$ 8,117	0.95%
Current Liabilities	\$ 1,247,239	\$ 1,122,128	\$ 125,111	11.15%
Loan and Equipment Balances	\$ 659,057	\$ 1,218,476	\$ (559,419)	-45.91%
Total Liabilities	\$ 1,906,297	\$ 2,340,604	\$ (434,307)	-18.56%
Total Equity	\$ 4,211,139	\$ 3,194,099	\$ 1,017,040	31.84%

Income Statement Comparison

Total Revenue	\$ 4,564,747	\$ 4,537,977	\$ 4,388,567	\$ 26,770	0.59%	\$ 176,181	4.01%
Cost of Sales	\$ 753,776	\$ 712,675	\$ 699,861	\$ 41,101	5.77%	\$ 53,915	7.70%
Gross Profit	\$ 3,810,972	\$ 3,825,302	\$ 3,688,706	\$ (14,330)	-0.37%	\$ 122,266	3.31%
Payroll	\$ 1,661,643	\$ 1,692,808	\$ 1,580,261	\$ (31,165)	-1.84%	\$ 81,382	5.15%
Operating Expenses	\$ 1,256,154	\$ 1,366,841	\$ 1,224,663	\$ (110,687)	-8.10%	\$ 31,491	2.57%
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 893,174	\$ 765,653	\$ 883,781	\$ 127,521	16.66%	\$ 9,393	1.06%
Interest Expense	\$ 22,008	\$ 40,500	\$ 46,691	\$ (18,492)	-45.66%	\$ (24,682)	-52.86%
	\$ 871,166	\$ 725,153	\$ 837,091	\$ 146,013	20.14%	\$ 34,075	4.07%
YTD Principal Payments Made	\$ 285,117	\$ 285,117	\$ 82,550	\$ -	0.00%	\$ 202,567	245.39%
Cashflow after Debt Payments	\$ 586,049	\$ 440,036	\$ 754,541	\$ 146,013	33.18%	\$ (168,492)	-22.33%

Key Operating Ratios

Quick Ratio	171%	138%
Current Ratio	183%	154%
Current Ratio w/o Deferred Revenue	370%	325%
Debt to Equity	45%	73%
Debt to Asset	31%	42%
Gross Profit %	83%	84%
Payroll to Revenue	36%	37%
Operating Expense to Revenue	28%	30%
EBITDA to Revenue	20%	17%

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

As of 12/31/2017
 Date prepared 1/10/2017

Golf Actual	Golf Budget	Difference	Vue Actual	Vue Budget	Difference	Total Actual	Total Budget	Difference
-------------	-------------	------------	------------	------------	------------	--------------	--------------	------------

Income Statement Comparison

Total Revenue	\$ 2,249,751	\$ 2,351,169	\$ (101,418)	\$ 2,314,997	\$ 2,186,808	\$ 128,188	\$ 4,564,747	\$ 4,537,977	\$ 26,770
Cost of Sales	\$ 166,223	\$ 164,946	\$ 1,277	\$ 587,553	\$ 547,729	\$ 39,824	\$ 753,776	\$ 712,675	\$ 41,101
Gross Profit	\$ 2,083,528	\$ 2,186,223	\$ (102,695)	\$ 1,727,444	\$ 1,639,079	\$ 88,364	\$ 3,810,972	\$ 3,825,302	\$ (14,330)
Payroll	\$ 805,808	\$ 811,693	\$ (5,884)	\$ 855,835	\$ 881,115	\$ (25,280)	\$ 1,661,643	\$ 1,692,808	\$ (31,165)
Operating Expenses	\$ 739,483	\$ 774,622	\$ (35,140)	\$ 516,672	\$ 592,219	\$ (75,547)	\$ 1,256,154	\$ 1,366,841	\$ (110,687)
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 538,237	\$ 599,907	\$ (61,671)	\$ 354,937	\$ 165,746	\$ 189,192	\$ 893,174	\$ 765,653	\$ 127,521

<u>Key Ratios</u>	Golf 2017	Golf Budget	Vue 2017	Vue Budget	Total 2017	Total Budget
Gross Profit %	93%	93%	75%	75%	83%	84%
Payroll to Revenue	36%	35%	37%	40%	36%	37%
Operating Expense to Revenue	33%	33%	22%	27%	28%	30%
EBITDA to Revenue	24%	26%	15%	8%	20%	17%

Santa Rosa Golf and Beach Club

Year to Date Summary Financial Report comparing YTD Current Year vs. Prior Year

As of 12/31/2017

Date prepared 1/10/2017

Golf Current			Vue Current			Total		
Yr	Golf Prior Yr	Difference	Yr	Vue Prior Yr	Difference	Total Current Yr	Total Prior Yr	Difference

Income Statement Comparison

Total Revenue	\$ 2,249,751	\$ 2,263,361	\$ (13,611)	\$ 2,314,997	\$ 2,125,205	\$ 189,791	\$ 4,564,747	\$ 4,388,567	\$ 176,181
Cost of Sales	\$ 166,223	\$ 172,870	\$ (6,648)	\$ 587,553	\$ 526,991	\$ 60,562	\$ 753,776	\$ 699,861	\$ 53,915
Gross Profit	\$ 2,083,528	\$ 2,090,491	\$ (6,963)	\$ 1,727,444	\$ 1,598,215	\$ 129,229	\$ 3,810,972	\$ 3,688,706	\$ 122,266
Payroll	\$ 805,808	\$ 760,528	\$ 45,280	\$ 855,835	\$ 819,733	\$ 36,102	\$ 1,661,643	\$ 1,580,261	\$ 81,382
Operating Expenses	\$ 739,483	\$ 691,938	\$ 47,544	\$ 516,672	\$ 532,725	\$ (16,053)	\$ 1,256,154	\$ 1,224,663	\$ 31,491
Earnings before Interest, Depreciation & Taxes (EBITDA)	\$ 538,237	\$ 638,024	\$ (99,788)	\$ 354,937	\$ 245,757	\$ 109,180	\$ 893,174	\$ 883,781	\$ 9,393
	\$ 538,237			\$ 354,937			\$ 893,174	\$ (0)	

Key Ratios

	Golf 2017	Golf 2016	Vue 2017	Vue 2016	Total 2017	Total 2016
Gross Profit %	93%	92%	75%	75%	83%	84%
Payroll to Revenue	36%	34%	37%	39%	36%	36%
Operating Expense to Revenue	33%	31%	22%	25%	28%	28%
EBITDA to Revenue	24%	28%	15%	12%	20%	20%

Santa Rosa Golf & Beach Club, Inc.

Comparative Balance Sheet As Of 12/31/2017

	As of Date 3/31/2017	As of Date 12/31/2017	\$ Variance	% Variance
ASSETS				
Current Assets				
Cash				
Petty Cash	2,500	2,500	0	0%
Petty Cash Checking	5,265	5,265	0	0%
Capital Reserve Fund	0	1,000	1,000	0%
Regions Checking	931,931	1,115,245	183,314	20%
Trustmark Giving Fund	3,651	3,654	2	0%
Total Cash	943,348	1,127,664	184,317	20%
Receivable				
Accounts receivable - Membership	264,259	1,010,248	745,989	282%
Accounts receivable - Events	9,851	3,502	(6,348)	-64%
Accounts receivable - Other	428,649	0	(428,649)	-100%
Allowance for Bad Debt	(7,500)	(6,871)	629	-8%
Total Receivable	695,259	1,006,880	311,621	45%
Inventory				
Golf Inventory	53,984	51,964	(2,020)	-4%
Mulligans Inventory	3,182	3,381	199	6%
Mulligans Inventory - Liquor	1,103	3,094	1,991	180%
Mulligans Inventory - Wine	78	153	75	96%
Mulligans Inventory - Beer	2,093	2,061	(33)	-2%
Vue Inventory- Food	15,112	13,596	(1,516)	-10%
Vue Inventory - Liquor	9,898	11,250	1,352	14%
Vue Inventory - Wine	17,225	12,482	(4,743)	-28%
Vue Inventory - Beer	1,717	1,436	(282)	-16%
Golf Maintenance Supplies Inventory	78,782	0	(78,782)	-100%
Total Inventory	183,176	99,418	(83,758)	-46%
Prepaid Expenses				
Prepaid expenses and other	34,549	26,118	(8,431)	-24%
Prepaid insurance	113,252	24,243	(89,009)	-79%
Total Prepaid Expenses	147,802	50,361	(97,441)	-66%
Total Current Assets	1,969,583	2,284,323	314,739	16%
Property and Equipment				
Land	513,845	513,845	0	0%
Buildings	750,719	751,574	855	0%
Improvements	4,346,790	4,475,137	128,346	3%
Equipment	1,544,278	1,553,267	8,988	1%
Furniture and fixtures	148,514	148,514	0	0%
Irrigation	1,320,527	1,320,527	0	0%
Construction In Progress	22,750	22,750	0	0%
Accumulated depreciation	(4,718,512)	(4,959,820)	(241,308)	5%
Total Property and Equipment	3,928,911	3,825,792	(103,118)	-3%
Other Assets				
Deposits	7,474	7,474	0	0%
Loan Closing Costs	19,342	19,342	0	0%
Amortization	(16,623)	(19,495)	(2,872)	17%
Total Other Assets	10,193	7,321	(2,872)	-28%
TOTAL ASSETS	5,908,687	6,117,436	208,749	4%

Santa Rosa Golf & Beach Club, Inc.

Comparative Balance Sheet As Of 12/31/2017

		As of Date	\$ Variance	% Variance
LIABILITIES				
Current Liabilities				
Payables				
Accounts payable	317,759	151,252	(166,508)	-52%
Accrued Wages	52,606	19,519	(33,087)	-63%
Accrued Performance Bonuses	99,336	79,198	(20,139)	-20%
Total Payables	469,701	249,968	(219,734)	-47%
Taxes Payable and Accrued				
Sales tax payable	29,722	72,567	42,845	144%
Total Taxes Payable and Accrued	29,722	72,567	42,845	144%
Accrued Expenses				
Accrued PTO	27,892	27,892	0	0%
Accrued Expenses	79,504	2,939	(76,565)	-96%
Accrued Property Tax	16,125	(3,764)	(19,889)	-123%
Total Accrued Expenses	123,521	27,067	(96,454)	-78%
Note Payable - current portion				
N/P - Regions Construction	29,380	29,380	0	0%
N/P - Regions Irrigation	12,154	0	(12,154)	-100%
N/P - Regions Equipment	8,136	8,136	0	0%
Total Note Payable - current portion	49,670	37,516	(12,154)	-24%
Deferred Revenue				
Prepaid membership dues	583,376	791,146	207,770	36%
Event Deposits	126,274	71,470	(54,805)	-43%
Total Deferred Revenue	709,650	862,615	152,965	22%
Other Current Liabilities				
Employee bonus fund	(1,685)	(2,160)	(475)	28%
Gift card payable	19,637	19,219	(417)	-2%
Credit Books	28,463	8,102	(20,360)	-72%
Prepaid Signature Gold	0	(100)	(100)	0%
Due to beach service	457	0	(457)	-100%
Gratuities payable	18,894	9,961	(8,934)	-47%
Total Other Current Liabilities	65,766	35,023	(30,743)	-47%
Total Current Liabilities	1,448,030	1,284,755	(163,275)	-11%
Long Term Debt				
N/P - Regions Construction	640,375	597,881	(42,494)	-7%
N/P - Regions Irrigation	190,657	0	(190,657)	-100%
N/P - Regions Equipment	63,471	23,660	(39,811)	-63%
Total Long Term Debt	894,504	621,541	(272,963)	-31%
TOTAL LIABILITIES	2,342,534	1,906,297	(436,237)	-19%
EQUITY				
Equity memberships	2,841,893	2,845,893	4,000	0%
Paid In Capital	81,100	95,100	14,000	17%
Retained earnings	(304,264)	643,160	947,424	-311%
Current Year Profit/(Loss)	947,424	626,986	(320,438)	-34%
TOTAL EQUITY	3,566,153	4,211,139	644,986	18%
TOTAL LIABILITIES & EQUITY	5,908,687	6,117,436	208,749	4%

Santa Rosa Golf and Beach Club
Statement of Cash Flows Forecast
FYE 3/31/18

	<u>YTD Total</u>	<u>Projected FYE 3/31/18</u>
Cash flows from operating activities		
Net income (loss)	\$ 626,986	\$ 651,986
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation & amortization	244,179	\$ 340,364
Estimate of Club Corp Fee Due	-	\$ (50,000)
Changes in operating assets and liabilities:		
(Increase) decrease in		
Receivables	(311,621)	\$ 650,000
Inventories	83,758	\$ -
Prepaid expenses	97,441	
Deposits	-	
Increase (decrease) in		
Accounts payable	(172,339)	\$ -
Accrued liabilities	(140,016)	\$ -
Deferred revenues	152,964	\$ (170,000)
	<u>581,352</u>	<u>\$ 1,422,350</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchases of property and equipment	<u>(138,191)</u>	<u>\$ (450,000)</u>
Net cash provided by (used in) investing activities	<u>(138,191)</u>	<u>\$ (450,000)</u>
Cash flows from financing activities		
Proceeds from long-term debt	-	
Payments on long-term debt	(285,118)	\$ (304,000)
Issuance of equity memberships	25,250	\$ -
Equity membership payouts	1,250	\$ (16,000)
Net cash provided by (used in) financing activities	<u>(258,618)</u>	<u>\$ (320,000)</u>
Net change in cash	184,544	\$ 652,350
Cash at beginning of period	<u>943,118</u>	<u>\$ 943,118</u>
Cash at end of period	<u>\$ 1,127,662</u>	<u>\$ 1,595,468</u>